



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

SB1668

Introduced 2/15/2019, by Sen. Chuck Weaver

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/3-125	from Ch. 108 1/2, par. 3-125
40 ILCS 5/4-118	from Ch. 108 1/2, par. 4-118
30 ILCS 805/8.43 new	

Amends the Downstate Police and Downstate Firefighter Articles of the Illinois Pension Code. Beginning municipal fiscal year 2021, provides that the annual levy and contribution to the fund are equal to (1) the normal cost of the pension fund for the year involved, plus (2) an amount sufficient to bring the total assets of the pension fund up to 100% of the total actuarial liabilities of the pension fund over a 30-year rolling amortization period. Provides that each municipal fiscal year through 2031, the rolling amortization period shall be reduced by one year for each municipal fiscal year after 2021. Provides a 20-year rolling amortization period for municipal fiscal year 2031 and each year thereafter. Provides that in making these determinations, the required minimum employer contribution shall be calculated each year as a level dollar amount over the amortization period and shall be determined under the entry age normal actuarial cost method. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB101 09125 RPS 54219 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

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 changing  
5 Sections 3-125 and 4-118 as follows:

6 (40 ILCS 5/3-125) (from Ch. 108 1/2, par. 3-125)  
7 Sec. 3-125. Financing.

8 (a) The city council or the board of trustees of the  
9 municipality shall annually levy a tax upon all the taxable  
10 property of the municipality at the rate on the dollar which  
11 will produce an amount which, when added to the deductions from  
12 the salaries or wages of police officers, and revenues  
13 available from other sources, will equal a sum sufficient to  
14 meet the annual requirements of the police pension fund. Until  
15 municipal fiscal year 2021, the ~~The~~ annual requirements to be  
16 provided by such tax levy are equal to (1) the normal cost of  
17 the pension fund for the year involved, plus (2) an amount  
18 sufficient to bring the total assets of the pension fund up to  
19 90% of the total actuarial liabilities of the pension fund by  
20 the end of municipal fiscal year 2040, as annually updated and  
21 determined by an enrolled actuary employed by the Illinois  
22 Department of Insurance or by an enrolled actuary retained by  
23 the pension fund or the municipality. In making these

1 determinations, the required minimum employer contribution  
2 shall be calculated each year as a level percentage of payroll  
3 over the years remaining up to and including fiscal year 2040  
4 and shall be determined under the projected unit credit  
5 actuarial cost method.

6 For municipal fiscal years 2021 through 2030, the annual  
7 requirements to be provided by such tax levy are equal to (1)  
8 the normal cost of the pension fund for the year involved, plus  
9 (2) an amount sufficient to bring the total assets of the  
10 pension fund up to 100% of the total actuarial liabilities of  
11 the pension fund over a 30-year rolling amortization period, as  
12 annually updated and determined by an enrolled actuary employed  
13 by the Department of Insurance or by an enrolled actuary  
14 retained by the pension fund or the municipality. However, for  
15 each municipal fiscal year until municipal fiscal year 2031,  
16 the rolling amortization period specified in this paragraph  
17 shall be reduced by one year for each municipal fiscal year  
18 after 2021. In making these determinations, the required  
19 minimum employer contribution shall be calculated each year as  
20 a level dollar amount over the amortization period and shall be  
21 determined under the entry age normal actuarial cost method.

22 For municipal fiscal year 2031 and each year thereafter,  
23 the annual requirements to be provided by such tax levy are  
24 equal to (1) the normal cost of the pension fund for the year  
25 involved, plus (2) an amount sufficient to bring the total  
26 assets of the pension fund up to 100% of the total actuarial

1 liabilities of the pension fund over a 20-year rolling  
2 amortization period, as annually updated and determined by an  
3 enrolled actuary employed by the Department of Insurance or by  
4 an enrolled actuary retained by the pension fund or the  
5 municipality. In making these determinations, the required  
6 minimum employer contribution shall be calculated each year as  
7 a level dollar amount over the amortization period and shall be  
8 determined under the entry age normal actuarial cost method.

9       The tax shall be levied and collected in the same manner  
10 as the general taxes of the municipality, and in addition to  
11 all other taxes now or hereafter authorized to be levied upon  
12 all property within the municipality, and shall be in addition  
13 to the amount authorized to be levied for general purposes as  
14 provided by Section 8-3-1 of the Illinois Municipal Code,  
15 approved May 29, 1961, as amended. The tax shall be forwarded  
16 directly to the treasurer of the board within 30 business days  
17 after receipt by the county.

18       (b) For purposes of determining the required employer  
19 contribution to a pension fund, the value of the pension fund's  
20 assets shall be equal to the actuarial value of the pension  
21 fund's assets, which shall be calculated as follows:

22           (1) On March 30, 2011, the actuarial value of a pension  
23 fund's assets shall be equal to the market value of the  
24 assets as of that date.

25           (2) In determining the actuarial value of the System's  
26 assets for fiscal years after March 30, 2011, any actuarial

1 gains or losses from investment return incurred in a fiscal  
2 year shall be recognized in equal annual amounts over the  
3 5-year period following that fiscal year.

4 (c) If a participating municipality fails to transmit to  
5 the fund contributions required of it under this Article for  
6 more than 90 days after the payment of those contributions is  
7 due, the fund may, after giving notice to the municipality,  
8 certify to the State Comptroller the amounts of the delinquent  
9 payments in accordance with any applicable rules of the  
10 Comptroller, and the Comptroller must, beginning in fiscal year  
11 2016, deduct and remit to the fund the certified amounts or a  
12 portion of those amounts from the following proportions of  
13 payments of State funds to the municipality:

14 (1) in fiscal year 2016, one-third of the total amount  
15 of any payments of State funds to the municipality;

16 (2) in fiscal year 2017, two-thirds of the total amount  
17 of any payments of State funds to the municipality; and

18 (3) in fiscal year 2018 and each fiscal year  
19 thereafter, the total amount of any payments of State funds  
20 to the municipality.

21 The State Comptroller may not deduct from any payments of  
22 State funds to the municipality more than the amount of  
23 delinquent payments certified to the State Comptroller by the  
24 fund.

25 (d) The police pension fund shall consist of the following  
26 moneys which shall be set apart by the treasurer of the

1 municipality:

2 (1) All moneys derived from the taxes levied hereunder;

3 (2) Contributions by police officers under Section  
4 3-125.1;

5 (3) All moneys accumulated by the municipality under  
6 any previous legislation establishing a fund for the  
7 benefit of disabled or retired police officers;

8 (4) Donations, gifts or other transfers authorized by  
9 this Article.

10 (e) The Commission on Government Forecasting and  
11 Accountability shall conduct a study of all funds established  
12 under this Article and shall report its findings to the General  
13 Assembly on or before January 1, 2013. To the fullest extent  
14 possible, the study shall include, but not be limited to, the  
15 following:

16 (1) fund balances;

17 (2) historical employer contribution rates for each  
18 fund;

19 (3) the actuarial formulas used as a basis for employer  
20 contributions, including the actual assumed rate of return  
21 for each year, for each fund;

22 (4) available contribution funding sources;

23 (5) the impact of any revenue limitations caused by  
24 PTELL and employer home rule or non-home rule status; and

25 (6) existing statutory funding compliance procedures  
26 and funding enforcement mechanisms for all municipal

1 pension funds.

2 (Source: P.A. 99-8, eff. 7-9-15.)

3 (40 ILCS 5/4-118) (from Ch. 108 1/2, par. 4-118)

4 Sec. 4-118. Financing.

5 (a) The city council or the board of trustees of the  
6 municipality shall annually levy a tax upon all the taxable  
7 property of the municipality at the rate on the dollar which  
8 will produce an amount which, when added to the deductions from  
9 the salaries or wages of firefighters and revenues available  
10 from other sources, will equal a sum sufficient to meet the  
11 annual actuarial requirements of the pension fund, as  
12 determined by an enrolled actuary employed by the Illinois  
13 Department of Insurance or by an enrolled actuary retained by  
14 the pension fund or municipality. For the purposes of this  
15 Section, until municipal fiscal year 2021, the annual actuarial  
16 requirements of the pension fund are equal to (1) the normal  
17 cost of the pension fund, or 17.5% of the salaries and wages to  
18 be paid to firefighters for the year involved, whichever is  
19 greater, plus (2) an annual amount sufficient to bring the  
20 total assets of the pension fund up to 90% of the total  
21 actuarial liabilities of the pension fund by the end of  
22 municipal fiscal year 2040, as annually updated and determined  
23 by an enrolled actuary employed by the Illinois Department of  
24 Insurance or by an enrolled actuary retained by the pension  
25 fund or the municipality. In making these determinations, the

1 required minimum employer contribution shall be calculated  
2 each year as a level percentage of payroll over the years  
3 remaining up to and including fiscal year 2040 and shall be  
4 determined under the projected unit credit actuarial cost  
5 method. The amount to be applied towards the amortization of  
6 the unfunded accrued liability in any year shall not be less  
7 than the annual amount required to amortize the unfunded  
8 accrued liability, including interest, as a level percentage of  
9 payroll over the number of years remaining in the 40 year  
10 amortization period.

11 For the purposes of this Section, for municipal fiscal  
12 years 2021 through 2030, the annual actuarial requirements of  
13 the pension fund are equal to (1) the normal cost of the  
14 pension fund, or 17.5% of the salaries and wages to be paid to  
15 firefighters for the year involved, whichever is greater, plus  
16 (2) an amount sufficient to bring the total assets of the  
17 pension fund up to 100% of the total actuarial liabilities of  
18 the pension fund over a 30-year rolling amortization period, as  
19 annually updated and determined by an enrolled actuary employed  
20 by the Department of Insurance or by an enrolled actuary  
21 retained by the pension fund or the municipality. However, for  
22 each municipal fiscal year until municipal fiscal year 2031,  
23 the rolling amortization period specified in this paragraph  
24 shall be reduced by one year for each municipal fiscal year  
25 after 2021. In making these determinations, the required  
26 minimum employer contribution shall be calculated each year as



1 a level dollar amount over the amortization period and shall be  
2 determined under the entry age normal actuarial cost method.

3 For the purposes of this Section, beginning municipal  
4 fiscal year 2031 and each municipal fiscal year thereafter, the  
5 annual actuarial requirements of the pension fund are equal to  
6 (1) the normal cost of the pension fund, or 17.5% of the  
7 salaries and wages to be paid to firefighters for the year  
8 involved, whichever is greater, plus (2) an amount sufficient  
9 to bring the total assets of the pension fund up to 100% of the  
10 total actuarial liabilities of the pension fund over a 20-year  
11 rolling amortization period, as annually updated and  
12 determined by an enrolled actuary employed by the Department of  
13 Insurance or by an enrolled actuary retained by the pension  
14 fund or the municipality. In making these determinations, the  
15 required minimum employer contribution shall be calculated  
16 each year as a level dollar amount over the amortization period  
17 and shall be determined under the entry age normal actuarial  
18 cost method.

19 (a-5) For purposes of determining the required employer  
20 contribution to a pension fund, the value of the pension fund's  
21 assets shall be equal to the actuarial value of the pension  
22 fund's assets, which shall be calculated as follows:

23 (1) On March 30, 2011, the actuarial value of a pension  
24 fund's assets shall be equal to the market value of the  
25 assets as of that date.

26 (2) In determining the actuarial value of the pension

1 fund's assets for fiscal years after March 30, 2011, any  
2 actuarial gains or losses from investment return incurred  
3 in a fiscal year shall be recognized in equal annual  
4 amounts over the 5-year period following that fiscal year.

5 (b) The tax shall be levied and collected in the same  
6 manner as the general taxes of the municipality, and shall be  
7 in addition to all other taxes now or hereafter authorized to  
8 be levied upon all property within the municipality, and in  
9 addition to the amount authorized to be levied for general  
10 purposes, under Section 8-3-1 of the Illinois Municipal Code or  
11 under Section 14 of the Fire Protection District Act. The tax  
12 shall be forwarded directly to the treasurer of the board  
13 within 30 business days of receipt by the county (or, in the  
14 case of amounts added to the tax levy under subsection (f),  
15 used by the municipality to pay the employer contributions  
16 required under subsection (b-1) of Section 15-155 of this  
17 Code).

18 (b-5) If a participating municipality fails to transmit to  
19 the fund contributions required of it under this Article for  
20 more than 90 days after the payment of those contributions is  
21 due, the fund may, after giving notice to the municipality,  
22 certify to the State Comptroller the amounts of the delinquent  
23 payments in accordance with any applicable rules of the  
24 Comptroller, and the Comptroller must, beginning in fiscal year  
25 2016, deduct and remit to the fund the certified amounts or a  
26 portion of those amounts from the following proportions of

1 payments of State funds to the municipality:

2 (1) in fiscal year 2016, one-third of the total amount  
3 of any payments of State funds to the municipality;

4 (2) in fiscal year 2017, two-thirds of the total amount  
5 of any payments of State funds to the municipality; and

6 (3) in fiscal year 2018 and each fiscal year  
7 thereafter, the total amount of any payments of State funds  
8 to the municipality.

9 The State Comptroller may not deduct from any payments of  
10 State funds to the municipality more than the amount of  
11 delinquent payments certified to the State Comptroller by the  
12 fund.

13 (c) The board shall make available to the membership and  
14 the general public for inspection and copying at reasonable  
15 times the most recent Actuarial Valuation Balance Sheet and Tax  
16 Levy Requirement issued to the fund by the Department of  
17 Insurance.

18 (d) The firefighters' pension fund shall consist of the  
19 following moneys which shall be set apart by the treasurer of  
20 the municipality: (1) all moneys derived from the taxes levied  
21 hereunder; (2) contributions by firefighters as provided under  
22 Section 4-118.1; (3) all rewards in money, fees, gifts, and  
23 emoluments that may be paid or given for or on account of  
24 extraordinary service by the fire department or any member  
25 thereof, except when allowed to be retained by competitive  
26 awards; and (4) any money, real estate or personal property

1 received by the board.

2 (e) For the purposes of this Section, "enrolled actuary"  
3 means an actuary: (1) who is a member of the Society of  
4 Actuaries or the American Academy of Actuaries; and (2) who is  
5 enrolled under Subtitle C of Title III of the Employee  
6 Retirement Income Security Act of 1974, or who has been engaged  
7 in providing actuarial services to one or more public  
8 retirement systems for a period of at least 3 years as of July  
9 1, 1983.

10 (f) The corporate authorities of a municipality that  
11 employs a person who is described in subdivision (d) of Section  
12 4-106 may add to the tax levy otherwise provided for in this  
13 Section an amount equal to the projected cost of the employer  
14 contributions required to be paid by the municipality to the  
15 State Universities Retirement System under subsection (b-1) of  
16 Section 15-155 of this Code.

17 (g) The Commission on Government Forecasting and  
18 Accountability shall conduct a study of all funds established  
19 under this Article and shall report its findings to the General  
20 Assembly on or before January 1, 2013. To the fullest extent  
21 possible, the study shall include, but not be limited to, the  
22 following:

23 (1) fund balances;

24 (2) historical employer contribution rates for each  
25 fund;

26 (3) the actuarial formulas used as a basis for employer

1 contributions, including the actual assumed rate of return  
2 for each year, for each fund;

3 (4) available contribution funding sources;

4 (5) the impact of any revenue limitations caused by  
5 PTELL and employer home rule or non-home rule status; and

6 (6) existing statutory funding compliance procedures  
7 and funding enforcement mechanisms for all municipal  
8 pension funds.

9 (Source: P.A. 99-8, eff. 7-9-15.)

10 Section 90. The State Mandates Act is amended by adding  
11 Section 8.43 as follows:

12 (30 ILCS 805/8.43 new)

13 Sec. 8.43. Exempt mandate. Notwithstanding Sections 6 and 8  
14 of this Act, no reimbursement by the State is required for the  
15 implementation of any mandate created by this amendatory Act of  
16 the 101st General Assembly.

17 Section 99. Effective date. This Act takes effect upon  
18 becoming law.