



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

SB3669

Introduced 2/14/2020, by Sen. Chuck Weaver

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Downstate Police and Downstate Firefighter Articles of the Illinois Pension Code. Beginning municipal fiscal year 2022, 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 2022. Provides a 20-year rolling amortization period for municipal fiscal year 2032 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, shall be determined under the entry age normal actuarial cost method, and shall be calculated using the most recent public retirement plans mortality table published by the Society of Actuaries. Provides that a municipality may not deviate from the amount of the contribution determined by the enrolled actuary and must use the actuarial rate of return recommended by the enrolled actuary. Provides that if a participating municipality fails to transmit to the fund contributions required of it for more than 90 days after the payment of those contributions is due, the fund shall (instead of may) certify to the State Comptroller the amounts of the delinquent payments, and the Comptroller must deduct and remit to the fund the certified amounts from payments of State funds to the municipality. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB101 20600 RPS 70237 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by 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 2022, 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. The tax shall be levied and collected in  
6 the same manner as the general taxes of the municipality, and  
7 in addition to all other taxes now or hereafter authorized to  
8 be levied upon all property within the municipality, and shall  
9 be in addition to the amount authorized to be levied for  
10 general purposes as provided by Section 8-3-1 of the Illinois  
11 Municipal Code, approved May 29, 1961, as amended. The tax  
12 shall be forwarded directly to the treasurer of the board  
13 within 30 business days after receipt by the county.

14 For municipal fiscal years 2022 through 2031, the annual  
15 requirements to be provided by such tax levy are equal to (1)  
16 the normal cost of the pension fund for the year involved, plus  
17 (2) an amount sufficient to bring the total assets of the  
18 pension fund up to 100% of the total actuarial liabilities of  
19 the pension fund over a 30-year rolling amortization period, as  
20 annually updated and determined by an enrolled actuary employed  
21 by the Department of Insurance or by an enrolled actuary  
22 retained by the pension fund or the municipality. However, for  
23 each municipal fiscal year until municipal fiscal year 2032,  
24 the rolling amortization period specified in this paragraph  
25 shall be reduced by one year for each municipal fiscal year  
26 after 2022. In making these determinations, the required

1 minimum employer contribution shall be calculated each year as  
2 a level dollar amount over the amortization period, shall be  
3 determined under the entry age normal actuarial cost method,  
4 and shall be calculated using the most recent public retirement  
5 plans mortality table published by the Society of Actuaries. A  
6 municipality may not deviate from the amount determined in  
7 accordance with this paragraph by the enrolled actuary and must  
8 use the actuarial rate of return recommended by the enrolled  
9 actuary.

10 For municipal fiscal year 2032 and each year thereafter,  
11 the annual requirements to be provided by such tax levy are  
12 equal to (1) the normal cost of the pension fund for the year  
13 involved, plus (2) an amount sufficient to bring the total  
14 assets of the pension fund up to 100% of the total actuarial  
15 liabilities of the pension fund over a 20-year rolling  
16 amortization period, as annually updated and determined by an  
17 enrolled actuary employed by the Department of Insurance or by  
18 an enrolled actuary retained by the pension fund or the  
19 municipality. In making these determinations, the required  
20 minimum employer contribution shall be calculated each year as  
21 a level dollar amount over the amortization period, shall be  
22 determined under the entry age normal actuarial cost method,  
23 and shall be calculated using the most recent public retirement  
24 plans mortality table published by the Society of Actuaries. A  
25 municipality may not deviate from the amount determined in  
26 accordance with this paragraph by the enrolled actuary and must

1 use the actuarial rate of return recommended by the enrolled  
2 actuary.

3 (b) For purposes of determining the required employer  
4 contribution to a pension fund, the value of the pension fund's  
5 assets shall be equal to the actuarial value of the pension  
6 fund's assets, which shall be calculated as follows:

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

10 (2) In determining the actuarial value of the System's  
11 assets for fiscal years after March 30, 2011, any actuarial  
12 gains or losses from investment return incurred in a fiscal  
13 year shall be recognized in equal annual amounts over the  
14 5-year period following that fiscal year.

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

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

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

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

6           The State Comptroller may not deduct from any payments of  
7 State funds to the municipality more than the amount of  
8 delinquent payments certified to the State Comptroller by the  
9 fund.

10          (d) The police pension fund shall consist of the following  
11 moneys which shall be set apart by the treasurer of the  
12 municipality:

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

14           (2) Contributions by police officers under Section  
15 3-125.1;

16           (2.5) All moneys received from the Police Officers'  
17 Pension Investment Fund as provided in Article 22B of this  
18 Code;

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

22           (4) Donations, gifts or other transfers authorized by  
23 this Article.

24          (e) The Commission on Government Forecasting and  
25 Accountability shall conduct a study of all funds established  
26 under this Article and shall report its findings to the General

1 Assembly on or before January 1, 2013. To the fullest extent  
2 possible, the study shall include, but not be limited to, the  
3 following:

4 (1) fund balances;

5 (2) historical employer contribution rates for each  
6 fund;

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

10 (4) available contribution funding sources;

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

13 (6) existing statutory funding compliance procedures  
14 and funding enforcement mechanisms for all municipal  
15 pension funds.

16 (Source: P.A. 101-610, eff. 1-1-20.)

17 (40 ILCS 5/4-118) (from Ch. 108 1/2, par. 4-118)

18 Sec. 4-118. Financing.

19 (a) The city council or the board of trustees of the  
20 municipality shall annually levy a tax upon all the taxable  
21 property of the municipality at the rate on the dollar which  
22 will produce an amount which, when added to the deductions from  
23 the salaries or wages of firefighters and revenues available  
24 from other sources, will equal a sum sufficient to meet the  
25 annual actuarial requirements of the pension fund, as

1 determined by an enrolled actuary employed by the Illinois  
2 Department of Insurance or by an enrolled actuary retained by  
3 the pension fund or municipality. For the purposes of this  
4 Section, until municipal fiscal year 2022, the annual actuarial  
5 requirements of the pension fund are equal to (1) the normal  
6 cost of the pension fund, or 17.5% of the salaries and wages to  
7 be paid to firefighters for the year involved, whichever is  
8 greater, plus (2) an annual amount sufficient to bring the  
9 total assets of the pension fund up to 90% of the total  
10 actuarial liabilities of the pension fund by the end of  
11 municipal fiscal year 2040, as annually updated and determined  
12 by an enrolled actuary employed by the Illinois 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 percentage of payroll over the years  
17 remaining up to and including fiscal year 2040 and shall be  
18 determined under the projected unit credit actuarial cost  
19 method. The amount to be applied towards the amortization of  
20 the unfunded accrued liability in any year shall not be less  
21 than the annual amount required to amortize the unfunded  
22 accrued liability, including interest, as a level percentage of  
23 payroll over the number of years remaining in the 40 year  
24 amortization period.

25 For the purposes of this Section, for municipal fiscal  
26 years 2022 through 2031, the annual actuarial requirements of



1 the pension fund are equal to (1) the normal cost of the  
2 pension fund, or 17.5% of the salaries and wages to be paid to  
3 firefighters for the year involved, whichever is greater, plus  
4 (2) an amount sufficient to bring the total assets of the  
5 pension fund up to 100% of the total actuarial liabilities of  
6 the pension fund over a 30-year rolling amortization period, as  
7 annually updated and determined by an enrolled actuary employed  
8 by the Department of Insurance or by an enrolled actuary  
9 retained by the pension fund or the municipality. However, for  
10 each municipal fiscal year until municipal fiscal year 2032,  
11 the rolling amortization period specified in this paragraph  
12 shall be reduced by one year for each municipal fiscal year  
13 after 2022. In making these determinations, the required  
14 minimum employer contribution shall be calculated each year as  
15 a level dollar amount over the amortization period, shall be  
16 determined under the entry age normal actuarial cost method,  
17 and shall be calculated using the most recent public retirement  
18 plans mortality table published by the Society of Actuaries. A  
19 municipality may not deviate from the amount determined in  
20 accordance with this paragraph by the enrolled actuary and must  
21 use the actuarial rate of return recommended by the enrolled  
22 actuary.

23 For the purposes of this Section, beginning municipal  
24 fiscal year 2032 and each municipal fiscal year thereafter, the  
25 annual actuarial requirements of the pension fund are equal to  
26 (1) the normal cost of the pension fund, or 17.5% of the

1 salaries and wages to be paid to firefighters for the year  
2 involved, whichever is greater, plus (2) an amount sufficient  
3 to bring the total assets of the pension fund up to 100% of the  
4 total actuarial liabilities of the pension fund over a 20-year  
5 rolling amortization period, as annually updated and  
6 determined by an enrolled actuary employed by the Department of  
7 Insurance or by an enrolled actuary retained by the pension  
8 fund or the municipality. In making these determinations, the  
9 required minimum employer contribution shall be calculated  
10 each year as a level dollar amount over the amortization  
11 period, shall be determined under the entry age normal  
12 actuarial cost method, and shall be calculated using the most  
13 recent public retirement plans mortality table published by the  
14 Society of Actuaries. A municipality may not deviate from the  
15 amount determined in accordance with this paragraph by the  
16 enrolled actuary and must use the actuarial rate of return  
17 recommended by the enrolled actuary.

18 (a-2) A municipality that has established a pension fund  
19 under this Article and who employs a full-time firefighter, as  
20 defined in Section 4-106, shall be deemed a primary employer  
21 with respect to that full-time firefighter. Any municipality of  
22 5,000 or more inhabitants that employs or enrolls a firefighter  
23 while that firefighter continues to earn service credit as a  
24 participant in a primary employer's pension fund under this  
25 Article shall be deemed a secondary employer and such employees  
26 shall be deemed to be secondary employee firefighters. To

1 ensure that the primary employer's pension fund under this  
2 Article is aware of additional liabilities and risks to which  
3 firefighters are exposed when performing work as firefighters  
4 for secondary employers, a secondary employer shall annually  
5 prepare a report accounting for all hours worked by and wages  
6 and salaries paid to the secondary employee firefighters it  
7 receives services from or employs for each fiscal year in which  
8 such firefighters are employed and transmit a certified copy of  
9 that report to the primary employer's pension fund and the  
10 secondary employee firefighter no later than 30 days after the  
11 end of any fiscal year in which wages were paid to the  
12 secondary employee firefighters.

13 Nothing in this Section shall be construed to allow a  
14 secondary employee to qualify for benefits or creditable  
15 service for employment as a firefighter for a secondary  
16 employer.

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

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

24 (2) In determining the actuarial value of the pension  
25 fund's assets for fiscal years after March 30, 2011, any  
26 actuarial gains or losses from investment return incurred

1 in a fiscal year shall be recognized in equal annual  
2 amounts over the 5-year period following that fiscal year.

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

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

26 (1) in fiscal year 2016, one-third of the total amount

1 of any payments of State funds to the municipality;

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

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

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

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

16 (d) The firefighters' pension fund shall consist of the  
17 following moneys which shall be set apart by the treasurer of  
18 the municipality: (1) all moneys derived from the taxes levied  
19 hereunder; (2) contributions by firefighters as provided under  
20 Section 4-118.1; (2.5) all moneys received from the  
21 Firefighters' Pension Investment Fund as provided in Article  
22 22C of this Code; (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. 101-522, eff. 8-23-19; 101-610, eff. 1-1-20.)

10 Section 90. The State Mandates Act is amended by adding  
11 Section 8.44 as follows:

12 (30 ILCS 805/8.44 new)

13 Sec. 8.44. 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.

1

INDEX

2

Statutes amended in order of appearance

3

40 ILCS 5/3-125

from Ch. 108 1/2, par. 3-125

4

40 ILCS 5/4-118

from Ch. 108 1/2, par. 4-118

5

30 ILCS 805/8.44 new