

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 Sections 15-112, 15-134.1, and 15-198 as follows:

6 (40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

7 Sec. 15-112. Final rate of earnings. "Final rate of  
8 earnings":

9 (a) This subsection (a) applies only to a Tier 1 member.

10 For an employee who is paid on an hourly basis or who  
11 receives an annual salary in installments during 12 months of  
12 each academic year, the average annual earnings during the 48  
13 consecutive calendar month period ending with the last day of  
14 final termination of employment or the 4 consecutive academic  
15 years of service in which the employee's earnings were the  
16 highest, whichever is greater. For any other employee, the  
17 average annual earnings during the 4 consecutive academic  
18 years of service in which his or her earnings were the highest.  
19 For an employee with less than 48 months or 4 consecutive  
20 academic years of service, the average earnings during his or  
21 her entire period of service. The earnings of an employee with  
22 more than 36 months of service under item (a) of Section  
23 15-113.1 prior to the date of becoming a participant are, for

1 such period, considered equal to the average earnings during  
2 the last 36 months of such service.

3 (b) This subsection (b) applies to a Tier 2 member.

4 For an employee who is paid on an hourly basis or who  
5 receives an annual salary in installments during 12 months of  
6 each academic year, the average annual earnings obtained by  
7 dividing by 8 the total earnings of the employee during the 96  
8 consecutive months in which the total earnings were the  
9 highest within the last 120 months prior to termination.

10 For any other employee, the average annual earnings during  
11 the 8 consecutive academic years within the 10 years prior to  
12 termination in which the employee's earnings were the highest.  
13 For an employee with less than 96 consecutive months or 8  
14 consecutive academic years of service, whichever is necessary,  
15 the average earnings during his or her entire period of  
16 service.

17 (c) For an employee on leave of absence with pay, or on  
18 leave of absence without pay who makes contributions during  
19 such leave, earnings are assumed to be equal to the basic  
20 compensation on the date the leave began.

21 (d) For an employee on disability leave, earnings are  
22 assumed to be equal to the basic compensation on the date  
23 disability occurs or the average earnings during the 24 months  
24 immediately preceding the month in which disability occurs,  
25 whichever is greater.

26 (e) For a Tier 1 member who retires on or after the

1 effective date of this amendatory Act of 1997 with at least 20  
2 years of service as a firefighter or police officer under this  
3 Article, the final rate of earnings shall be the annual rate of  
4 earnings received by the participant on his or her last day as  
5 a firefighter or police officer under this Article, if that is  
6 greater than the final rate of earnings as calculated under  
7 the other provisions of this Section.

8 (f) If a Tier 1 member is an employee for at least 6 months  
9 during the academic year in which his or her employment is  
10 terminated, the annual final rate of earnings shall be 25% of  
11 the sum of (1) the annual basic compensation for that year, and  
12 (2) the amount earned during the 36 months immediately  
13 preceding that year, if this is greater than the final rate of  
14 earnings as calculated under the other provisions of this  
15 Section.

16 (g) In the determination of the final rate of earnings for  
17 an employee, that part of an employee's earnings for any  
18 academic year beginning after June 30, 1997, which exceeds the  
19 employee's earnings with that employer for the preceding year  
20 by more than 20 percent shall be excluded; in the event that an  
21 employee has more than one employer this limitation shall be  
22 calculated separately for the earnings with each employer. In  
23 making such calculation, only the basic compensation of  
24 employees shall be considered, without regard to vacation or  
25 overtime or to contracts for summer employment. Beginning  
26 September 1, 2024, this subsection (g) also applies to an

1 employee who has been employed at 1/2 time or less for 3 or  
2 more years.

3 (h) The following are not considered as earnings in  
4 determining final rate of earnings: (1) severance or  
5 separation pay, (2) retirement pay, (3) payment for unused  
6 sick leave, and (4) payments from an employer for the period  
7 used in determining final rate of earnings for any purpose  
8 other than (i) services rendered, (ii) leave of absence or  
9 vacation granted during that period, and (iii) vacation of up  
10 to 56 work days allowed upon termination of employment; except  
11 that, if the benefit has been collectively bargained between  
12 the employer and the recognized collective bargaining agent  
13 pursuant to the Illinois Educational Labor Relations Act,  
14 payment received during a period of up to 2 academic years for  
15 unused sick leave may be considered as earnings in accordance  
16 with the applicable collective bargaining agreement, subject  
17 to the 20% increase limitation of this Section. Any unused  
18 sick leave considered as earnings under this Section shall not  
19 be taken into account in calculating service credit under  
20 Section 15-113.4.

21 (i) Intermittent periods of service shall be considered as  
22 consecutive in determining final rate of earnings.

23 (Source: P.A. 98-92, eff. 7-16-13; 99-450, eff. 8-24-15.)

24 (40 ILCS 5/15-134.1) (from Ch. 108 1/2, par. 15-134.1)

25 Sec. 15-134.1. Service calculation and adjustment.

1           (a) For the purposes of computing service for academic  
2 years for any participant, ~~In computing service,~~ the following  
3 schedule shall govern: one month of service means a calendar  
4 month during which a participant (i) qualifies as an employee  
5 under Section 15-107 for at least 15 or more days, and (ii)  
6 receives any earnings as an employee; 8 or more months of  
7 service during an academic year shall constitute a year of  
8 service; 6 or more but less than 8 months of service during an  
9 academic year shall constitute 3/4 of a year of service; 3 or  
10 more but less than 6 months of service during an academic year  
11 shall constitute 1/2 of a year of service; and one or more but  
12 less than 3 months of service during an academic year shall  
13 constitute 1/4 of a year of service. No more than one year of  
14 service may be granted per academic year, regardless of the  
15 number of hours or percentage of time worked. This subsection  
16 (a) does not apply to service periods to which subsection  
17 (a-5) applies.

18           (a-5) For the purposes of computing service for academic  
19 years for any participant, the following schedule shall  
20 govern: one month of service means a calendar month during  
21 which a participant (i) qualifies as an employee under Section  
22 15-107 and contributes to the System, and (ii) receives any  
23 earnings as an employee; 8 or more months of service during an  
24 academic year shall constitute a year of service; 6 or more but  
25 less than 8 months of service during an academic year shall  
26 constitute 3/4 of a year of service; 3 or more but less than 6

1 months of service during an academic year shall constitute 1/2  
2 of a year of service; and one or more but less than 3 months of  
3 service during an academic year shall constitute 1/4 of a year  
4 of service. No more than one year of service may be granted per  
5 academic year, regardless of the number of hours or percentage  
6 of time worked.

7 This subsection (a-5) applies to all service periods of a  
8 member who is a participant on or after September 1, 2024;  
9 except that such changes shall not apply to service periods  
10 that were subject to: (1) a purchase under subsection (i) of  
11 Section 15-107, subsection (c) of Section 15-113.1, or Section  
12 15-113.2, 15-113.3, 15-113.5, 15-113.6, 15-113.7, or  
13 15-113.11; (2) a repayment of a refund under subsection (b) of  
14 Section 15-154 or a distribution under subsection (j) of  
15 Section 15-158.2; or (3) a transfer under Section 15-113.10,  
16 15-134.2, or 15-134.4 if payment for such purchase, repayment,  
17 or transfer commenced prior to September 1, 2024.

18 (b) In calculating a retirement annuity, if a participant  
19 has been employed at 1/2 time or less for 3 or more years after  
20 September 1, 1959, service shall be granted for such  
21 employment in excess of 3 years, in the proportion that the  
22 percentage of time employed for each such year of employment  
23 bears to the average annual percentage of time employed during  
24 the period on which the final rate of earnings is based. This  
25 adjustment shall not be made, however, in determining the  
26 eligibility for a retirement annuity, disability benefits,

1 additional death benefits, or survivors' insurance. The  
2 percentage of time employed shall be as reported by the  
3 employer. This subsection (b) shall not apply to a member who  
4 is a participant on or after September 1, 2024.

5 (Source: P.A. 87-8.)

6 (40 ILCS 5/15-198)

7 Sec. 15-198. Application and expiration of new benefit  
8 increases.

9 (a) As used in this Section, "new benefit increase" means  
10 an increase in the amount of any benefit provided under this  
11 Article, or an expansion of the conditions of eligibility for  
12 any benefit under this Article, that results from an amendment  
13 to this Code that takes effect after June 1, 2005 (the  
14 effective date of Public Act 94-4). "New benefit increase",  
15 however, does not include any benefit increase resulting from  
16 the changes made to Article 1 or this Article by Public Act  
17 100-23, Public Act 100-587, Public Act 100-769, Public Act  
18 101-10, Public Act 101-610, Public Act 102-16, or this  
19 amendatory Act of the 103rd General Assembly ~~or this~~  
20 ~~amendatory Act of the 102nd General Assembly.~~

21 (b) Notwithstanding any other provision of this Code or  
22 any subsequent amendment to this Code, every new benefit  
23 increase is subject to this Section and shall be deemed to be  
24 granted only in conformance with and contingent upon  
25 compliance with the provisions of this Section.

1           (c) The Public Act enacting a new benefit increase must  
2 identify and provide for payment to the System of additional  
3 funding at least sufficient to fund the resulting annual  
4 increase in cost to the System as it accrues.

5           Every new benefit increase is contingent upon the General  
6 Assembly providing the additional funding required under this  
7 subsection. The Commission on Government Forecasting and  
8 Accountability shall analyze whether adequate additional  
9 funding has been provided for the new benefit increase and  
10 shall report its analysis to the Public Pension Division of  
11 the Department of Insurance. A new benefit increase created by  
12 a Public Act that does not include the additional funding  
13 required under this subsection is null and void. If the Public  
14 Pension Division determines that the additional funding  
15 provided for a new benefit increase under this subsection is  
16 or has become inadequate, it may so certify to the Governor and  
17 the State Comptroller and, in the absence of corrective action  
18 by the General Assembly, the new benefit increase shall expire  
19 at the end of the fiscal year in which the certification is  
20 made.

21           (d) Every new benefit increase shall expire 5 years after  
22 its effective date or on such earlier date as may be specified  
23 in the language enacting the new benefit increase or provided  
24 under subsection (c). This does not prevent the General  
25 Assembly from extending or re-creating a new benefit increase  
26 by law.



1           (e) Except as otherwise provided in the language creating  
2 the new benefit increase, a new benefit increase that expires  
3 under this Section continues to apply to persons who applied  
4 and qualified for the affected benefit while the new benefit  
5 increase was in effect and to the affected beneficiaries and  
6 alternate payees of such persons, but does not apply to any  
7 other person, including, without limitation, a person who  
8 continues in service after the expiration date and did not  
9 apply and qualify for the affected benefit while the new  
10 benefit increase was in effect.

11       (Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19;  
12 101-610, eff. 1-1-20; 102-16, eff. 6-17-21.)

13           Section 97. Inseverability. The changes made to existing  
14 statutory law by this Act are mutually dependent and  
15 inseverable. If any change made to existing statutory law by  
16 this Act is held invalid other than as applied to a particular  
17 person or circumstance, then all changes made to existing  
18 statutory law by this Act are invalid in their entirety.

19           Section 99. Effective date. This Act takes effect upon  
20 becoming law.