



Rep. Stephanie A. Kifowit

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1 AMENDMENT TO SENATE BILL 1235

2 AMENDMENT NO. _____. Amend Senate Bill 1235 by replacing
3 everything after the enacting clause with the following:

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

1 average annual earnings during the 4 consecutive academic
2 years of service in which his or her earnings were the highest.
3 For an employee with less than 48 months or 4 consecutive
4 academic years of service, the average earnings during his or
5 her entire period of service. The earnings of an employee with
6 more than 36 months of service under item (a) of Section
7 15-113.1 prior to the date of becoming a participant are, for
8 such period, considered equal to the average earnings during
9 the last 36 months of such service.

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

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

17 For any other employee, the average annual earnings during
18 the 8 consecutive academic years within the 10 years prior to
19 termination in which the employee's earnings were the highest.
20 For an employee with less than 96 consecutive months or 8
21 consecutive academic years of service, whichever is necessary,
22 the average earnings during his or her entire period of
23 service.

24 (c) For an employee on leave of absence with pay, or on
25 leave of absence without pay who makes contributions during
26 such leave, earnings are assumed to be equal to the basic

1 compensation on the date the leave began.

2 (d) For an employee on disability leave, earnings are
3 assumed to be equal to the basic compensation on the date
4 disability occurs or the average earnings during the 24 months
5 immediately preceding the month in which disability occurs,
6 whichever is greater.

7 (e) For a Tier 1 member who retires on or after the
8 effective date of this amendatory Act of 1997 with at least 20
9 years of service as a firefighter or police officer under this
10 Article, the final rate of earnings shall be the annual rate of
11 earnings received by the participant on his or her last day as
12 a firefighter or police officer under this Article, if that is
13 greater than the final rate of earnings as calculated under
14 the other provisions of this Section.

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

23 (g) In the determination of the final rate of earnings for
24 an employee, that part of an employee's earnings for any
25 academic year beginning after June 30, 1997, which exceeds the
26 employee's earnings with that employer for the preceding year

1 by more than 20 percent shall be excluded; in the event that an
2 employee has more than one employer this limitation shall be
3 calculated separately for the earnings with each employer. In
4 making such calculation, only the basic compensation of
5 employees shall be considered, without regard to vacation or
6 overtime or to contracts for summer employment. Beginning
7 September 1, 2024, this subsection (g) also applies to an
8 employee who has been employed at 1/2 time or less for 3 or
9 more years.

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

1 Section 15-113.4.

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

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

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

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

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

24 (a-5) For the purposes of computing service for academic
25 years for any participant, the following schedule shall

1 govern: one month of service means a calendar month during
2 which a participant (i) qualifies as an employee under Section
3 15-107 and contributes to the System, and (ii) receives any
4 earnings as an employee; 8 or more months of service during an
5 academic year shall constitute a year of service; 6 or more but
6 less than 8 months of service during an academic year shall
7 constitute 3/4 of a year of service; 3 or more but less than 6
8 months of service during an academic year shall constitute 1/2
9 of a year of service; and one or more but less than 3 months of
10 service during an academic year shall constitute 1/4 of a year
11 of service. No more than one year of service may be granted per
12 academic year, regardless of the number of hours or percentage
13 of time worked.

14 This subsection (a-5) applies to all service periods of a
15 member who is a participant on or after September 1, 2024;
16 except that such changes shall not apply to service periods
17 that were subject to: (1) a purchase under subsection (i) of
18 Section 15-107, subsection (c) of Section 15-113.1, or Section
19 15-113.2, 15-113.3, 15-113.5, 15-113.6, 15-113.7, or
20 15-113.11; (2) a repayment of a refund under subsection (b) of
21 Section 15-154 or a distribution under subsection (j) of
22 Section 15-158.2; or (3) a transfer under Section 15-113.10,
23 15-134.2, or 15-134.4 if payment for such purchase, repayment,
24 or transfer commenced prior to September 1, 2024.

25 (b) In calculating a retirement annuity, if a participant
26 has been employed at 1/2 time or less for 3 or more years after

1 September 1, 1959, service shall be granted for such
2 employment in excess of 3 years, in the proportion that the
3 percentage of time employed for each such year of employment
4 bears to the average annual percentage of time employed during
5 the period on which the final rate of earnings is based. This
6 adjustment shall not be made, however, in determining the
7 eligibility for a retirement annuity, disability benefits,
8 additional death benefits, or survivors' insurance. The
9 percentage of time employed shall be as reported by the
10 employer. This subsection (b) shall not apply to a member who
11 is a participant on or after September 1, 2024.

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

13 (40 ILCS 5/15-198)

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

16 (a) As used in this Section, "new benefit increase" means
17 an increase in the amount of any benefit provided under this
18 Article, or an expansion of the conditions of eligibility for
19 any benefit under this Article, that results from an amendment
20 to this Code that takes effect after June 1, 2005 (the
21 effective date of Public Act 94-4). "New benefit increase",
22 however, does not include any benefit increase resulting from
23 the changes made to Article 1 or this Article by Public Act
24 100-23, Public Act 100-587, Public Act 100-769, Public Act
25 101-10, Public Act 101-610, Public Act 102-16, or this

1 amendatory Act of the 103rd General Assembly ~~or this~~
2 ~~amendatory Act of the 102nd General Assembly.~~

3 (b) Notwithstanding any other provision of this Code or
4 any subsequent amendment to this Code, every new benefit
5 increase is subject to this Section and shall be deemed to be
6 granted only in conformance with and contingent upon
7 compliance with the provisions of this Section.

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

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

1 made.

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

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

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

20 Section 97. Inseverability. The changes made to existing
21 statutory law by this Act are mutually dependent and
22 inseverable. If any change made to existing statutory law by
23 this Act is held invalid other than as applied to a particular
24 person or circumstance, then all changes made to existing
25 statutory law by this Act are invalid in their entirety.

1 Section 99. Effective date. This Act takes effect upon
2 becoming law.".