



93RD GENERAL ASSEMBLY

State of Illinois

2003 and 2004

HB4409

Introduced 2/3/2004, by Angelo Saviano

SYNOPSIS AS INTRODUCED:

40 ILCS 5/14-104	from Ch. 108 1/2, par. 14-104
40 ILCS 5/15-113.3	from Ch. 108 1/2, par. 15-113.3
40 ILCS 5/16-128	from Ch. 108 1/2, par. 16-128
40 ILCS 5/17-134	from Ch. 108 1/2, par. 17-134
30 ILCS 805/8.28 new	

Amends the Illinois Pension Code. In the Downstate Teacher and Chicago Teacher Articles, provides that a participant may establish, without paying contributions, up to 5 years of credit for military service immediately following employment, and removes certain restrictions relating to wartime. In those Articles and the State Employee and State Universities Articles, changes the method of calculating interest when establishing credit for military service not immediately following employment. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB093 14999 LRD 40568 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

1 AN ACT in relation to 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 14-104, 15-113.3, 16-128, and 17-134 as follows:

6 (40 ILCS 5/14-104) (from Ch. 108 1/2, par. 14-104)

7 Sec. 14-104. Service for which contributions permitted.
8 Contributions provided for in this Section shall cover the
9 period of service granted. Except as otherwise provided in this
10 Section, the contributions shall be based upon the employee's
11 compensation and contribution rate in effect on the date he
12 last became a member of the System; provided that for all
13 employment prior to January 1, 1969 the contribution rate shall
14 be that in effect for a noncovered employee on the date he last
15 became a member of the System. Except as otherwise provided in
16 this Section, contributions permitted under this Section shall
17 include regular interest from the date an employee last became
18 a member of the System to the date of payment.

19 These contributions must be paid in full before retirement
20 either in a lump sum or in installment payments in accordance
21 with such rules as may be adopted by the board.

22 (a) Any member may make contributions as required in this
23 Section for any period of service, subsequent to the date of
24 establishment, but prior to the date of membership.

25 (b) Any employee who had been previously excluded from
26 membership because of age at entry and subsequently became
27 eligible may elect to make contributions as required in this
28 Section for the period of service during which he was
29 ineligible.

30 (c) An employee of the Department of Insurance who, after
31 January 1, 1944 but prior to becoming eligible for membership,
32 received salary from funds of insurance companies in the

1 process of rehabilitation, liquidation, conservation or
2 dissolution, may elect to make contributions as required in
3 this Section for such service.

4 (d) Any employee who rendered service in a State office to
5 which he was elected, or rendered service in the elective
6 office of Clerk of the Appellate Court prior to the date he
7 became a member, may make contributions for such service as
8 required in this Section. Any member who served by appointment
9 of the Governor under the Civil Administrative Code of Illinois
10 and did not participate in this System may make contributions
11 as required in this Section for such service.

12 (e) Any person employed by the United States government or
13 any instrumentality or agency thereof from January 1, 1942
14 through November 15, 1946 as the result of a transfer from
15 State service by executive order of the President of the United
16 States shall be entitled to prior service credit covering the
17 period from January 1, 1942 through December 31, 1943 as
18 provided for in this Article and to membership service credit
19 for the period from January 1, 1944 through November 15, 1946
20 by making the contributions required in this Section. A person
21 so employed on January 1, 1944 but whose employment began after
22 January 1, 1942 may qualify for prior service and membership
23 service credit under the same conditions.

24 (f) An employee of the Department of Labor of the State of
25 Illinois who performed services for and under the supervision
26 of that Department prior to January 1, 1944 but who was
27 compensated for those services directly by federal funds and
28 not by a warrant of the Auditor of Public Accounts paid by the
29 State Treasurer may establish credit for such employment by
30 making the contributions required in this Section. An employee
31 of the Department of Agriculture of the State of Illinois, who
32 performed services for and under the supervision of that
33 Department prior to June 1, 1963, but was compensated for those
34 services directly by federal funds and not paid by a warrant of
35 the Auditor of Public Accounts paid by the State Treasurer, and
36 who did not contribute to any other public employee retirement

1 system for such service, may establish credit for such
2 employment by making the contributions required in this
3 Section.

4 (g) Any employee who executed a waiver of membership within
5 60 days prior to January 1, 1944 may, at any time while in the
6 service of a department, file with the board a rescission of
7 such waiver. Upon making the contributions required by this
8 Section, the member shall be granted the creditable service
9 that would have been received if the waiver had not been
10 executed.

11 (h) Until May 1, 1990, an employee who was employed on a
12 full-time basis by a regional planning commission for at least
13 5 continuous years may establish creditable service for such
14 employment by making the contributions required under this
15 Section, provided that any credits earned by the employee in
16 the commission's retirement plan have been terminated.

17 (i) Any person who rendered full time contractual services
18 to the General Assembly as a member of a legislative staff may
19 establish service credit for up to 8 years of such services by
20 making the contributions required under this Section, provided
21 that application therefor is made not later than July 1, 1991.

22 (j) By paying the contributions otherwise required under
23 this Section, plus an amount determined by the Board to be
24 equal to the employer's normal cost of the benefit plus
25 interest, but with all of the interest calculated at the rate
26 of 5% per year, compounded annually, from the date the employee
27 last became a member of the System or November 19, 1991,
28 whichever is later, to the date of payment, an employee may
29 establish service credit for a period of up to 2 years spent in
30 active military service for which he does not qualify for
31 credit under Section 14-105, provided that (1) he was not
32 dishonorably discharged from such military service, and (2) the
33 amount of service credit established by a member under this
34 subsection (j), when added to the amount of military service
35 credit granted to the member under subsection (b) of Section
36 14-105, shall not exceed 5 years. The changes ~~change~~ in the

1 manner of calculating interest under this subsection (j) made
2 by Public Act 92-54 and this amendatory Act of the 93rd 92nd
3 General Assembly apply ~~applies~~ to credit purchased by an
4 employee on or after their respective ~~its~~ effective dates and
5 do ~~date and does~~ not entitle any person to a refund of
6 contributions or interest already paid.

7 (k) An employee who was employed on a full-time basis by
8 the Illinois State's Attorneys Association Statewide Appellate
9 Assistance Service LEAA-ILEC grant project prior to the time
10 that project became the State's Attorneys Appellate Service
11 Commission, now the Office of the State's Attorneys Appellate
12 Prosecutor, an agency of State government, may establish
13 creditable service for not more than 60 months service for such
14 employment by making contributions required under this
15 Section.

16 (l) By paying the contributions otherwise required under
17 this Section, plus an amount determined by the Board to be
18 equal to the employer's normal cost of the benefit plus
19 interest, a member may establish service credit for periods of
20 less than one year spent on authorized leave of absence from
21 service, provided that (1) the period of leave began on or
22 after January 1, 1982 and (2) any credit established by the
23 member for the period of leave in any other public employee
24 retirement system has been terminated. A member may establish
25 service credit under this subsection for more than one period
26 of authorized leave, and in that case the total period of
27 service credit established by the member under this subsection
28 may exceed one year. In determining the contributions required
29 for establishing service credit under this subsection, the
30 interest shall be calculated from the beginning of the leave of
31 absence to the date of payment.

32 (m) Any person who rendered contractual services to a
33 member of the General Assembly as a worker in the member's
34 district office may establish creditable service for up to 3
35 years of those contractual services by making the contributions
36 required under this Section. The System shall determine a

1 full-time salary equivalent for the purpose of calculating the
2 required contribution. To establish credit under this
3 subsection, the applicant must apply to the System by March 1,
4 1998.

5 (n) Any person who rendered contractual services to a
6 member of the General Assembly as a worker providing
7 constituent services to persons in the member's district may
8 establish creditable service for up to 8 years of those
9 contractual services by making the contributions required
10 under this Section. The System shall determine a full-time
11 salary equivalent for the purpose of calculating the required
12 contribution. To establish credit under this subsection, the
13 applicant must apply to the System by March 1, 1998.

14 (o) A member who participated in the Illinois Legislative
15 Staff Internship Program may establish creditable service for
16 up to one year of that participation by making the contribution
17 required under this Section. The System shall determine a
18 full-time salary equivalent for the purpose of calculating the
19 required contribution. Credit may not be established under this
20 subsection for any period for which service credit is
21 established under any other provision of this Code.

22 (Source: P.A. 92-54, eff. 7-12-01.)

23 (40 ILCS 5/15-113.3) (from Ch. 108 1/2, par. 15-113.3)

24 Sec. 15-113.3. Service for periods of military service.
25 "Service for periods of military service": Those periods, not
26 exceeding 5 years, during which a person served in the armed
27 forces of the United States, of which all but 2 years must have
28 immediately followed a period of employment with an employer
29 under this System or the State Employees' Retirement System of
30 Illinois; provided that the person received a discharge other
31 than dishonorable and again became an employee under this
32 System within one year after discharge. However, for the up to
33 2 years of military service not immediately following
34 employment, the applicant must make contributions to the System
35 equal to (1) 8% of the employee's basic compensation on the

1 last date as a participating employee prior to such military
2 service, or on the first date as a participating employee after
3 such military service, whichever is greater, plus (2) an amount
4 determined by the board to be equal to the employer's normal
5 cost of the benefits accrued for such military service, plus
6 (3) interest on items (1) and (2) at the effective rate from
7 the date the person last became an employee or November 19,
8 1991, whichever is later, ~~later of the date of first membership~~
9 ~~in the System or the date of conclusion of military service~~ to
10 the date of payment.

11 The change in the manner of calculating interest under this
12 Section made by this amendatory Act of the 93rd General
13 Assembly applies to credit purchased by an employee on or after
14 its effective date and does not entitle any person to a refund
15 of contributions or interest already paid.

16 The change in the required contribution for purchased
17 military credit made by Public Act 87-794 ~~this amendatory Act~~
18 ~~of 1993~~ does not entitle any person to a refund of
19 contributions already paid. The contributions paid under this
20 Section are not normal contributions as defined in Section
21 15-114 or additional contributions as defined in Section
22 15-115.

23 The changes to this Section made by Public Act 87-794 ~~this~~
24 ~~amendatory Act of 1991~~ shall apply not only to persons who on
25 or after its effective date are in service under the System,
26 but also to persons whose employment terminated prior to that
27 date, whether or not the person is an annuitant on that date.
28 In the case of an annuitant who applies for credit allowable
29 under this Section for a period of military service that did
30 not immediately follow employment, and who has made the
31 required contributions for such credit, the annuity shall be
32 recalculated to include the additional service credit, with the
33 increase taking effect on the date the System received written
34 notification of the annuitant's intent to purchase the credit,
35 if payment of all the required contributions is made within 60
36 days of such notice, or else on the first annuity payment date

1 following the date of payment of the required contributions. In
2 calculating the automatic annual increase for an annuity that
3 has been recalculated under this Section, the increase
4 attributable to the additional service allowable under Public
5 Act 87-794 ~~this amendatory Act of 1991~~ shall be included in the
6 calculation of automatic annual increases accruing after the
7 effective date of the recalculation.

8 (Source: P.A. 93-347, eff. 7-24-03.)

9 (40 ILCS 5/16-128) (from Ch. 108 1/2, par. 16-128)

10 Sec. 16-128. Creditable service - required contributions.

11 (a) Except as otherwise provided in this Section, in order
12 to receive the creditable service specified under subsection
13 (b) of Section 16-127, a member is required to make the
14 following contributions:

15 (i) an amount equal to the contributions which would
16 have been required had such service been rendered as a
17 member under this System;

18 (ii) for military service not immediately following
19 employment as a teacher and for service established under
20 subdivision (b)(10) of Section 16-127, an amount
21 determined by the Board to be equal to the employer's
22 normal cost of the benefits accrued for such service; and

23 (iii) interest from the date the contributions would
24 have been due ~~(or, in the case of a person establishing~~
25 ~~credit for military service under subdivision (b)(3) of~~
26 ~~Section 16-127, the date of first membership in the System,~~
27 ~~if that date is later)~~ to the date of payment, at the
28 following rate of interest, compounded annually: for
29 periods prior to July 1, 1965, regular interest; from July
30 1, 1965 to June 30, 1977, 4% per year; on and after July 1,
31 1977, regular interest.

32 (a-5) Beginning on the effective date of this amendatory
33 Act of the 93rd General Assembly, a member must pay the
34 contributions specified in subsection (a) in order to establish
35 credit under subdivision (b)(3) of Section 16-127 for any

1 military service not immediately following employment as a
2 teacher; however, contributions are required for a member to
3 establish credit for other military service permitted under
4 subdivision (b)(3) of Section 16-127 only if the period of
5 military service ends before the effective date of this
6 amendatory Act.

7 Beginning on the effective date of this amendatory Act of
8 the 93rd General Assembly, rather than the interest described
9 in subdivision (a)(iii), a person establishing credit for
10 military service not immediately following employment as a
11 teacher under subdivision (b)(3) of Section 16-127 shall pay
12 interest at the rate of 5% per year, compounded annually, from
13 the date the person last became a participant in this System or
14 November 19, 1991, whichever is later, to the date of payment.

15 The changes made by this amendatory Act of the 93rd General
16 Assembly in the contributions and interest required for
17 military service credit do not entitle any person to a refund
18 of contributions or interest already paid.

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

26 (c) In determining the contribution required in order to
27 receive creditable service under paragraph (3) of subsection
28 (b) of Section 16-127, the salary rate for the remainder of the
29 school term in which a member enters military service shall be
30 assumed to be equal to the member's salary rate at the time of
31 entering military service. However, for military service not
32 immediately following employment, the salary rate on the last
33 date as a participating teacher prior to such military service,
34 or on the first date as a participating teacher after such
35 military service, whichever is greater, shall be assumed to be
36 equal to the member's salary rate at the time of entering

1 military service. For each school term thereafter, the member's
2 salary rate shall be assumed to be 5% higher than the salary
3 rate in the previous school term.

4 (d) In determining the contribution required in order to
5 receive creditable service under paragraph (5) of subsection
6 (b) of Section 16-127, a member's salary rate during the period
7 for which credit is being established shall be assumed to be
8 equal to the member's last salary rate immediately preceding
9 that period.

10 (d-5) For each year of service credit to be established
11 under subsection (b-1) of Section 16-127, a member is required
12 to contribute to the System (i) 16.5% of the annual salary rate
13 during the first year of full-time employment as a teacher
14 under this Article following the private school service, plus
15 (ii) interest thereon from the date of first full-time
16 employment as a teacher under this Article following the
17 private school service to the date of payment, compounded
18 annually, at the rate of 8.5% per year for periods before the
19 effective date of this amendatory Act of the 92nd General
20 Assembly, and for subsequent periods at a rate equal to the
21 System's actuarially assumed rate of return on investments.

22 (e) The contributions required under this Section may be
23 made from the date the statement for such creditable service is
24 issued until retirement date. All such required contributions
25 must be made before any retirement annuity is granted.

26 (Source: P.A. 92-867, eff. 1-3-03.)

27 (40 ILCS 5/17-134) (from Ch. 108 1/2, par. 17-134)

28 Sec. 17-134. Contributions for leaves of absence; military
29 service; computing service. In computing service for pension
30 purposes the following periods of service shall stand in lieu
31 of a like number of years of teaching service upon payment
32 therefor in the manner hereinafter provided: (a) time spent on
33 a leave of absence granted by the employer; (b) service with
34 teacher or labor organizations based upon special leaves of
35 absence therefor granted by an Employer; (c) a maximum of 5

1 years spent in the military service of the United States, of
2 which up to 2 years may have been served outside the pension
3 period; (d) unused sick days at termination of service to a
4 maximum of 244 days; (e) time lost due to layoff and
5 curtailment of the school term from June 6 through June 21,
6 1976; and (f) time spent after June 30, 1982 as a member of the
7 Board of Education, if required to resign from an
8 administrative or teaching position in order to qualify as a
9 member of the Board of Education.

10 (1) For time spent on or after September 6, 1948 on
11 sabbatical leaves of absence or sick leaves, for which
12 salaries are paid, an Employer shall make payroll
13 deductions at the applicable rates in effect during such
14 periods.

15 (2) For time spent on a leave of absence granted by the
16 employer for which no salaries are paid, teachers desiring
17 credit therefor shall pay the required contributions at the
18 rates in effect during such periods as though they were in
19 teaching service. If an Employer pays salary for vacations
20 which occur during a teacher's sick leave or maternity or
21 paternity leave without salary, vacation pay for which the
22 teacher would have qualified while in active service shall
23 be considered part of the teacher's total salary for
24 pension purposes. No more than 36 months of leave credit
25 may be allowed any person during the entire term of
26 service. Sabbatical leave credit shall be limited to the
27 time the person on leave without salary under an Employer's
28 rules is allowed to engage in an activity for which he
29 receives salary or compensation.

30 (3) For time spent prior to September 6, 1948, on
31 sabbatical leaves of absence or sick leaves for which
32 salaries were paid, teachers desiring service credit
33 therefor shall pay the required contributions at the
34 maximum applicable rates in effect during such periods.

35 (4) For service with teacher or labor organizations
36 authorized by special leaves of absence, for which no

1 payroll deductions are made by an Employer, teachers
2 desiring service credit therefor shall contribute to the
3 Fund upon the basis of the actual salary received from such
4 organizations at the percentage rates in effect during such
5 periods for certified positions with such Employer. To the
6 extent the actual salary exceeds the regular salary, which
7 shall be defined as the salary rate, as calculated by the
8 Board, in effect for the teacher's regular position in
9 teaching service on September 1, 1983 or on the effective
10 date of the leave with the organization, whichever is
11 later, the organization shall pay to the Fund the
12 employer's normal cost as set by the Board on the
13 increment.

14 (5) Except as otherwise provided in this paragraph (5),
15 for time spent in the military service, teachers entitled
16 to and desiring credit therefor shall contribute the amount
17 required for each year of service or fraction thereof at
18 the rates in force (a) at the date of appointment, or (b)
19 on return to teaching service as a regularly certified
20 teacher, as the case may be; provided such rates shall not
21 be less than \$450 per year of service. These conditions
22 shall apply unless an Employer elects to and does pay into
23 the Fund the amount which would have been due from such
24 person had he been employed as a teacher during such time.
25 In the case of credit for military service not during the
26 pension period, the teacher must also pay to the Fund an
27 amount determined by the Board to be equal to the
28 employer's normal cost of the benefits accrued from such
29 service, plus interest thereon at the rate of 5% per year,
30 compounded annually, from the date the teacher last became
31 a participant in this Fund or November 19, 1991, whichever
32 is later, ~~of appointment~~ to the date of payment.

33 Beginning on the effective date of this amendatory Act
34 of the 93rd General Assembly, the contributions specified
35 in this paragraph (5) are required for a member to
36 establish credit for military service served during the

1 pension period only if the period of military service ends
2 before the effective date of this amendatory Act of the
3 93rd General Assembly; however, a member must pay the
4 contributions specified in this paragraph (5) in order to
5 establish credit for any military service served outside
6 the pension period. The changes in the required
7 contributions and interest for military service credit
8 made by this amendatory Act of the 93rd General Assembly do
9 not entitle any person to a refund of contributions or
10 interest already paid.

11 The changes to this Section made by Public Act 87-795
12 shall apply not only to persons who on or after its
13 effective date are in service under the Fund, but also to
14 persons whose status as a teacher terminated prior to that
15 date, whether or not the person is an annuitant on that
16 date. In the case of an annuitant who applies for credit
17 allowable under this Section for a period of military
18 service that did not immediately follow employment, and who
19 has made the required contributions for such credit, the
20 annuity shall be recalculated to include the additional
21 service credit, with the increase taking effect on the date
22 the Fund received written notification of the annuitant's
23 intent to purchase the credit, if payment of all the
24 required contributions is made within 60 days of such
25 notice, or else on the first annuity payment date following
26 the date of payment of the required contributions. In
27 calculating the automatic annual increase for an annuity
28 that has been recalculated under this Section, the increase
29 attributable to the additional service allowable under
30 this amendatory Act of 1991 shall be included in the
31 calculation of automatic annual increases accruing after
32 the effective date of the recalculation.

33 The total credit for military service shall not exceed
34 5 years, except that any teacher who on July 1, 1963, had
35 validated credit for more than 5 years of military service
36 shall be entitled to the total amount of such credit.

1 (6) A maximum of 244 unused sick days credited to his
2 account by an Employer on the date of termination of
3 employment. Members, upon verification of unused sick
4 days, may add this service time to total creditable
5 service.

6 (7) In all cases where time spent on leave is
7 creditable and no payroll deductions therefor are made by
8 an Employer, persons desiring service credit shall make the
9 required contributions directly to the Fund.

10 (8) For time lost without pay due to layoff and
11 curtailment of the school term from June 6 through June 21,
12 1976, as provided in item (e) of the first paragraph of
13 this Section, persons who were contributors on the days
14 immediately preceding such layoff shall receive credit
15 upon paying to the Fund a contribution based on the rates
16 of compensation and employee contributions in effect at the
17 time of such layoff, together with an additional amount
18 equal to 12.2% of the compensation computed for such period
19 of layoff, plus interest on the entire amount at 5% per
20 annum from January 1, 1978 to the date of payment. If such
21 contribution is paid, salary for pension purposes for any
22 year in which such a layoff occurred shall include the
23 compensation recognized for purposes of computing that
24 contribution.

25 (9) For time spent after June 30, 1982, as a
26 nonsalaried member of the Board of Education, if required
27 to resign from an administrative or teaching position in
28 order to qualify as a member of the Board of Education, an
29 administrator or teacher desiring credit therefor shall
30 pay the required contributions at the rates and salaries in
31 effect during such periods as though the member were in
32 service.

33 Effective September 1, 1974, the interest charged for
34 validation of service described in paragraphs (2) through (5)
35 of this Section shall be compounded annually at a rate of 5%
36 commencing one year after the termination of the leave or

1 return to service.

2 (Source: P.A. 92-599, eff. 6-28-02.)

3 Section 90. The State Mandates Act is amended by adding
4 Section 8.28 as follows:

5 (30 ILCS 805/8.28 new)

6 Sec. 8.28. Exempt mandate. Notwithstanding Sections 6 and 8
7 of this Act, no reimbursement by the State is required for the
8 implementation of any mandate created by this amendatory Act of
9 the 93rd General Assembly.

10 Section 99. Effective date. This Act takes effect upon
11 becoming law.