



93RD GENERAL ASSEMBLY

State of Illinois

2003 and 2004

Introduced 2/6/2004, by Tom Cross

SYNOPSIS AS INTRODUCED:

40 ILCS 5/7-172

from Ch. 108 1/2, par. 7-172

Amends the Illinois Pension Code. Makes a technical change concerning the Illinois Municipal Retirement Fund.

LRB093 17754 LRD 43434 b

PENSION IMPACT
NOTE ACT MAY
APPLY

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 Section 7-172 as follows:

6 (40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)

7 Sec. 7-172. Contributions by participating municipalities
8 and participating instrumentalities.

9 (a) Each participating municipality and each participating
10 instrumentality shall make payment to the fund as follows:

11 1. municipality contributions in an amount determined
12 by applying the municipality contribution rate to each
13 payment of earnings paid to each of its participating
14 employees;

15 2. an amount equal to the employee contributions
16 provided by paragraphs (a) and (b) of Section 7-173,
17 regardless of whether ~~or not~~ the employee contributions are
18 withheld as permitted by that Section;

19 3. all accounts receivable, together with interest
20 charged thereon, as provided in Section 7-209;

21 4. if it has no participating employees with current
22 earnings, an amount payable which, over a period of 20
23 years beginning with the year following an award of
24 benefit, will amortize, at the effective rate for that
25 year, any negative balance in its municipality reserve
26 resulting from the award. This amount when established will
27 be payable as a separate contribution whether or not it
28 later has participating employees.

29 (b) A separate municipality contribution rate shall be
30 determined for each calendar year for all participating
31 municipalities together with all instrumentalities thereof.
32 The municipality contribution rate shall be determined for

1 participating instrumentalities as if they were participating
2 municipalities. The municipality contribution rate shall be
3 the sum of the following percentages:

4 1. The percentage of earnings of all the participating
5 employees of all participating municipalities and
6 participating instrumentalities which, if paid over the
7 entire period of their service, will be sufficient when
8 combined with all employee contributions available for the
9 payment of benefits, to provide all annuities for
10 participating employees, and the \$3,000 death benefit
11 payable under Sections 7-158 and 7-164, such percentage to
12 be known as the normal cost rate.

13 2. The percentage of earnings of the participating
14 employees of each participating municipality and
15 participating instrumentalities necessary to adjust for
16 the difference between the present value of all benefits,
17 excluding temporary and total and permanent disability and
18 death benefits, to be provided for its participating
19 employees and the sum of its accumulated municipality
20 contributions and the accumulated employee contributions
21 and the present value of expected future employee and
22 municipality contributions pursuant to subparagraph 1 of
23 this paragraph (b). This adjustment shall be spread over
24 the remainder of the period that is allowable under
25 generally accepted accounting principles.

26 3. The percentage of earnings of the participating
27 employees of all municipalities and participating
28 instrumentalities necessary to provide the present value
29 of all temporary and total and permanent disability
30 benefits granted during the most recent year for which
31 information is available.

32 4. The percentage of earnings of the participating
33 employees of all participating municipalities and
34 participating instrumentalities necessary to provide the
35 present value of the net single sum death benefits expected
36 to become payable from the reserve established under

1 Section 7-206 during the year for which this rate is fixed.

2 5. The percentage of earnings necessary to meet any
3 deficiency arising in the Terminated Municipality Reserve.

4 (c) A separate municipality contribution rate shall be
5 computed for each participating municipality or participating
6 instrumentality for its sheriff's law enforcement employees.

7 A separate municipality contribution rate shall be
8 computed for the sheriff's law enforcement employees of each
9 forest preserve district that elects to have such employees.
10 For the period from January 1, 1986 to December 31, 1986, such
11 rate shall be the forest preserve district's regular rate plus
12 2%.

13 In the event that the Board determines that there is an
14 actuarial deficiency in the account of any municipality with
15 respect to a person who has elected to participate in the Fund
16 under Section 3-109.1 of this Code, the Board may adjust the
17 municipality's contribution rate so as to make up that
18 deficiency over such reasonable period of time as the Board may
19 determine.

20 (d) The Board may establish a separate municipality
21 contribution rate for all employees who are program
22 participants employed under the federal Comprehensive
23 Employment Training Act by all of the participating
24 municipalities and instrumentalities. The Board may also
25 provide that, in lieu of a separate municipality rate for these
26 employees, a portion of the municipality contributions for such
27 program participants shall be refunded or an extra charge
28 assessed so that the amount of municipality contributions
29 retained or received by the fund for all CETA program
30 participants shall be an amount equal to that which would be
31 provided by the separate municipality contribution rate for all
32 such program participants. Refunds shall be made to prime
33 sponsors of programs upon submission of a claim therefor and
34 extra charges shall be assessed to participating
35 municipalities and instrumentalities. In establishing the
36 municipality contribution rate as provided in paragraph (b) of

1 this Section, the use of a separate municipality contribution
2 rate for program participants or the refund of a portion of the
3 municipality contributions, as the case may be, may be
4 considered.

5 (e) Computations of municipality contribution rates for
6 the following calendar year shall be made prior to the
7 beginning of each year, from the information available at the
8 time the computations are made, and on the assumption that the
9 employees in each participating municipality or participating
10 instrumentality at such time will continue in service until the
11 end of such calendar year at their respective rates of earnings
12 at such time.

13 (f) Any municipality which is the recipient of State
14 allocations representing that municipality's contributions for
15 retirement annuity purposes on behalf of its employees as
16 provided in Section 12-21.16 of the Illinois Public Aid Code
17 shall pay the allocations so received to the Board for such
18 purpose. Estimates of State allocations to be received during
19 any taxable year shall be considered in the determination of
20 the municipality's tax rate for that year under Section 7-171.
21 If a special tax is levied under Section 7-171, none of the
22 proceeds may be used to reimburse the municipality for the
23 amount of State allocations received and paid to the Board. Any
24 multiple-county or consolidated health department which
25 receives contributions from a county under Section 11.2 of "An
26 Act in relation to establishment and maintenance of county and
27 multiple-county health departments", approved July 9, 1943, as
28 amended, or distributions under Section 3 of the Department of
29 Public Health Act, shall use these only for municipality
30 contributions by the health department.

31 (g) Municipality contributions for the several purposes
32 specified shall, for township treasurers and employees in the
33 offices of the township treasurers who meet the qualifying
34 conditions for coverage hereunder, be allocated among the
35 several school districts and parts of school districts serviced
36 by such treasurers and employees in the proportion which the

1 amount of school funds of each district or part of a district
2 handled by the treasurer bears to the total amount of all
3 school funds handled by the treasurer.

4 From the funds subject to allocation among districts and
5 parts of districts pursuant to the School Code, the trustees
6 shall withhold the proportionate share of the liability for
7 municipality contributions imposed upon such districts by this
8 Section, in respect to such township treasurers and employees
9 and remit the same to the Board.

10 The municipality contribution rate for an educational
11 service center shall initially be the same rate for each year
12 as the regional office of education or school district which
13 serves as its administrative agent. When actuarial data become
14 available, a separate rate shall be established as provided in
15 subparagraph (i) of this Section.

16 The municipality contribution rate for a public agency,
17 other than a vocational education cooperative, formed under the
18 Intergovernmental Cooperation Act shall initially be the
19 average rate for the municipalities which are parties to the
20 intergovernmental agreement. When actuarial data become
21 available, a separate rate shall be established as provided in
22 subparagraph (i) of this Section.

23 (h) Each participating municipality and participating
24 instrumentality shall make the contributions in the amounts
25 provided in this Section in the manner prescribed from time to
26 time by the Board and all such contributions shall be
27 obligations of the respective participating municipalities and
28 participating instrumentalities to this fund. The failure to
29 deduct any employee contributions shall not relieve the
30 participating municipality or participating instrumentality of
31 its obligation to this fund. Delinquent payments of
32 contributions due under this Section may, with interest, be
33 recovered by civil action against the participating
34 municipalities or participating instrumentalities.
35 Municipality contributions, other than the amount necessary
36 for employee contributions and Social Security contributions,

1 for periods of service by employees from whose earnings no
2 deductions were made for employee contributions to the fund,
3 may be charged to the municipality reserve for the municipality
4 or participating instrumentality.

5 (i) Contributions by participating instrumentalities shall
6 be determined as provided herein except that the percentage
7 derived under subparagraph 2 of paragraph (b) of this Section,
8 and the amount payable under subparagraph 5 of paragraph (a) of
9 this Section, shall be based on an amortization period of 10
10 years.

11 (Source: P.A. 92-424, eff. 8-17-01.)