

1 AMENDMENT TO SENATE BILL 1103

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1103 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by  
5 changing Sections 7-141, 7-142, and 7-173 and adding Section  
6 7-173.3 as follows:

7 (40 ILCS 5/7-141) (from Ch. 108 1/2, par. 7-141)  
8 Sec. 7-141. Retirement annuities - Conditions.  
9 Retirement annuities shall be payable as hereinafter set  
10 forth:

11 (a) A participating employee who, regardless of cause,  
12 is separated from the service of all participating  
13 municipalities and instrumentalities thereof and  
14 participating instrumentalities shall be entitled to a  
15 retirement annuity provided:

16 1. He is at least age 55, or in the case of a  
17 person who is eligible to have his annuity calculated  
18 under Section 7-142.1, he is at least age 50, or  
19 beginning July 1, 2003, he is of an age which, when added  
20 to the number of years of his creditable service, equals  
21 at least 85;

22 2. He is (i) an employee who was employed by any

1 participating municipality or participating  
2 instrumentality which had not elected to exclude persons  
3 employed in positions normally requiring performance of  
4 duty for less than 1000 hours per year or was employed in  
5 a position normally requiring performance of duty for 600  
6 hours or more per year prior to such election by any  
7 participating municipality or participating  
8 instrumentality included in and subject to this Article  
9 on or before the effective date of this amendatory Act of  
10 1981 which made such election and is not entitled to  
11 receive earnings for employment in a position normally  
12 requiring performance of duty for 600 hours or more per  
13 year for any participating municipality and  
14 instrumentalities thereof and participating  
15 instrumentality; or (ii) an employee who was employed  
16 only by a participating municipality or participating  
17 instrumentality, or participating municipalities or  
18 participating instrumentalities, which have elected to  
19 exclude persons in positions normally requiring  
20 performance of duty for less than 1000 hours per year  
21 after the effective date of such exclusion or which are  
22 included under and subject to the Article after the  
23 effective date of this amendatory Act of 1981 and elects  
24 to exclude persons in such positions, and is not entitled  
25 to receive earnings for employment in a position normally  
26 requiring performance of duty for 1000 hours or more per  
27 year by such a participating municipality or  
28 participating instrumentality;

29 3. The amount of his annuity, before the  
30 application of paragraph (b) of Section 7-142 is at least  
31 \$10 per month;

32 4. If he first became a participating employee  
33 after December 31, 1961, he has at least 8 years of  
34 service. This service requirement shall not apply to any

1 participating employee, regardless of participation date,  
2 if the General Assembly terminates the Fund.

3 (b) Retirement annuities shall be payable:

4 1. As provided in Section 7-119;

5 2. Except as provided in item 3, upon receipt by  
6 the fund of a written application. The effective date  
7 may be not more than one year prior to the date of the  
8 receipt by the fund of the application;

9 3. Upon attainment of age 70 1/2 if the member (i)  
10 is no longer in service, and (ii) is otherwise entitled  
11 to an annuity under this Article;

12 4. To the beneficiary of the deceased annuitant for  
13 the unpaid amount accrued to date of death, if any.

14 (Source: P.A. 91-887, eff. 7-6-00.)

15 (40 ILCS 5/7-142) (from Ch. 108 1/2, par. 7-142)

16 Sec. 7-142. Retirement annuities - Amount.

17 (a) The amount of a retirement annuity shall be the sum  
18 of the following, determined in accordance with the actuarial  
19 tables in effect at the time of the grant of the annuity:

20 1. For employees with 8 or more years of service,  
21 an annuity computed pursuant to subparagraphs a or b of  
22 this subparagraph 1, whichever is the higher, and for  
23 employees with less than 8 years of service the annuity  
24 computed pursuant to subparagraph a:

25 a. The monthly annuity which can be provided  
26 from the total accumulated normal, municipality and  
27 prior service credits, as of the attained age of the  
28 employee on the date the annuity begins provided  
29 that such annuity shall not exceed 75% of the final  
30 rate of earnings of the employee.

31 b. ~~(i)~~ The monthly annuity amount determined as  
32 follows:

33 (i) For unaugmented creditable service earned

1 before July 1, 2003, by multiplying (a) 1-2/3% for  
 2 annuitants with not more than 15 years or (b) 1 2/3%  
 3 of the employee's final rate of earnings for each of  
 4 the first 15 years of creditable service and 2% for  
 5 each year in excess of 15 years, with any remaining  
 6 fraction of a year for annuitants with more than 15  
 7 years--by the number of years plus fractional years,  
 8 prorated on the a basis of months of creditable  
 9 service--and multiply the product thereof by the  
 10 employee's final rate of earnings.

11 For creditable service earned on or after July  
 12 1, 2003 and creditable service earned before that  
 13 date that has been augmented as provided in Section  
 14 7-173.3, 2.15% of the employee's final rate of  
 15 earnings for each year of creditable service, with  
 16 any remaining fraction of a year prorated on the  
 17 basis of months.

18 (ii) For the sole purpose of computing the  
 19 formula (and not for the purposes of the limitations  
 20 hereinafter stated) \$125 shall be considered the  
 21 final rate of earnings in all cases where the final  
 22 rate of earnings is less than such amount.

23 (iii) The monthly annuity computed in  
 24 accordance with this subparagraph b, shall not  
 25 exceed an amount equal to 75% of the final rate of  
 26 earnings.

27 (iv) For employees who have less than 35 years  
 28 of service, the annuity computed in accordance with  
 29 this subparagraph b (as reduced by application of  
 30 subparagraph (iii) above) shall be reduced by 0.25%  
 31 thereof (0.5% if service was terminated before  
 32 January 1, 1988) for each month or fraction thereof  
 33 (1) that the employee's age is less than 60 years,  
 34 or (2) if the employee has at least 30 years of

1 service credit, that the employee's service credit  
2 is less than 35 years, whichever is less, on the  
3 date the annuity begins. Beginning July 1, 2003,  
4 the reduction in this subparagraph (iv) does not  
5 apply to an employee whose age, when added to the  
6 number of years of his creditable service, equals at  
7 least 85.

8 2. The annuity which can be provided from the total  
9 accumulated additional credits as of the attained age of  
10 the employee on the date the annuity begins.

11 (b) If payment of an annuity begins prior to the  
12 earliest age at which the employee will become eligible for  
13 an old age insurance benefit under the Federal Social  
14 Security Act, he may elect that the annuity payments from  
15 this fund shall exceed those payable after his attaining such  
16 age by an amount, computed as determined by rules of the  
17 Board, but not in excess of his estimated Social Security  
18 Benefit, determined as of the effective date of the annuity,  
19 provided that in no case shall the total annuity payments  
20 made by this fund exceed in actuarial value the annuity which  
21 would have been payable had no such election been made.

22 (c) The retirement annuity shall be increased each year  
23 by 2%, not compounded, of the monthly amount of annuity,  
24 taking into consideration any adjustment under paragraph (b)  
25 of this Section. This increase shall be effective each  
26 January 1 and computed from the effective date of the  
27 retirement annuity, the first increase being .167% of the  
28 monthly amount times the number of months from the effective  
29 date to January 1. Beginning January 1, 1984 and thereafter,  
30 the retirement annuity shall be increased by 3% each year,  
31 not compounded. This increase shall not be applicable to  
32 annuitants who are not in service on or after September 8,  
33 1971.

34 (Source: P.A. 91-357, eff. 7-29-99.)

1 (40 ILCS 5/7-173) (from Ch. 108 1/2, par. 7-173)

2 Sec. 7-173. Contributions by employees.

3 (a) Each participating employee shall make contributions  
4 to the fund as follows:

5 1. For retirement annuity purposes, normal  
6 contributions of 3 3/4% of earnings through June 30,  
7 2003, and 4.25% of earnings thereafter.

8 2. Additional contributions of such percentages of  
9 each payment of earnings, as shall be elected by the  
10 employee for retirement annuity purposes, but not in  
11 excess of 10%. The selected rate shall be applicable to  
12 all earnings beginning on the first day of the second  
13 month following receipt by the Board of written notice of  
14 election to make such contributions. Additional  
15 contributions at the selected rate shall be made  
16 concurrently with normal contributions.

17 3. Survivor contributions, by each participating  
18 employee, of 3/4% of each payment of earnings.

19 (b) Each employee shall make contributions to the fund  
20 for federal Social Security taxes, for periods during which  
21 he is a covered employee, as required by the Social Security  
22 Enabling Act. For participating employees, such  
23 contributions shall be in addition to those required under  
24 paragraph (a) of this Section.

25 (c) Contributions shall be deducted from each  
26 corresponding payment of earnings paid to each employee and  
27 shall be remitted to the board by the participating  
28 municipality or participating instrumentality making such  
29 payment. The remittance, together with a report of the  
30 earnings and contributions shall be made as directed by the  
31 board. For township treasurers and employees of township  
32 treasurers qualifying as employees hereunder, the  
33 contributions herein required as deductions from salary shall  
34 be withheld by the school township trustees from funds

1 available for the payment of the compensation of such  
2 treasurers and employees as provided in the School Code and  
3 remitted to the board.

4 (d) An employee who has made additional contributions  
5 under paragraph (a)2 of this Section may upon retirement or  
6 at any time prior thereto, elect to withdraw the total of  
7 such additional contributions including interest credited  
8 thereon to the end of the preceding calendar year.

9 (e) Failure to make the deductions for employee  
10 contributions provided in paragraph (c) of this Section shall  
11 not relieve the employee from liability for such  
12 contributions. The amount of such liability may be deducted,  
13 with interest charged under Section 7-209, from any annuities  
14 or benefits payable hereunder to the employee or any other  
15 person receiving an annuity or benefit by reason of such  
16 employee's participation.

17 (f) A participating employee who has at least 40 years  
18 of creditable service in the Fund may elect to cease making  
19 the contributions required under this Section. The status of  
20 the employee under this Article shall be unaffected by this  
21 election, except that the employee shall not receive any  
22 additional creditable service for the periods of employment  
23 following the election. An election under this subsection  
24 relieves the employer from making additional employer  
25 contributions in relation to that employee.

26 (Source: P.A. 87-1265.)

27 (40 ILCS 5/7-173.3 new)

28 Sec. 7-173.3. Optional contribution for augmented  
29 retirement formula.

30 (a) A member of the Fund may qualify for the augmented  
31 rate under subdivision (a)1.b.(i) of Section 7-142 for all  
32 years of creditable service earned before July 1, 2003 by  
33 making the optional contribution specified in subsection (b)

1 of this Section. A member may not elect to qualify for the  
2 augmented rate for only a portion of his or her creditable  
3 service earned before July 1, 2003.

4 (b) The contribution shall be an amount equal to 0.51%  
5 of the member's highest salary rate in the 4 consecutive  
6 years immediately prior to but not including the year in  
7 which the application occurs, multiplied by the number of  
8 years of creditable service earned by the member before July  
9 1, 2003.

10 The contribution required by this subsection shall be  
11 paid in one of the following ways or in a combination of the  
12 following ways that does not extend over more than 5 years:

13 (i) in a lump sum on or before the date of  
14 retirement;

15 (ii) in substantially equal installments over a  
16 period of time not to exceed 5 years, as a deduction from  
17 salary;

18 (iii) if the member becomes an annuitant on or  
19 before June 30, 2007, in substantially equal monthly  
20 installments over a 24-month period, by reducing the  
21 annuitant's monthly benefit over a 24-month period by the  
22 amount of the otherwise applicable contribution. For  
23 federal and Illinois tax purposes, the monthly amount by  
24 which the annuitant's benefit is reduced shall not be  
25 treated as a contribution by the annuitant, but rather as  
26 a reduction of the annuitant's monthly benefit.

27 (c) If the member fails to make the full contribution  
28 under this Section in a timely fashion, the payments made  
29 under this Section shall be refunded to the member, without  
30 interest. If the member dies before making the full  
31 contribution, the payments made under this Section, together  
32 with regular interest thereon, shall be refunded to the  
33 member's designated beneficiary.

34 (d) For purposes of this Section and the retirement



1 formula in Section 7-142, optional creditable service  
2 established by a member shall be deemed to have been earned  
3 at the time of the employment or other qualifying event upon  
4 which the service is based, rather than at the time the  
5 credit was established in this Fund.

6 (e) The contributions required under this Section are  
7 the responsibility of the employee and not the employer.  
8 However, an employer may specifically agree, through  
9 collective bargaining or otherwise, to make the contributions  
10 required by this Section on behalf of its employees.

11 Section 90. The State Mandates Act is amended by adding  
12 Section 8.27 as follows:

13 (30 ILCS 805/8.27 new)

14 Sec. 8.27. Exempt mandate. Notwithstanding Sections 6  
15 and 8 of this Act, no reimbursement by the State is required  
16 for the implementation of any mandate created by this  
17 amendatory Act of the 93rd General Assembly.

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