



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB4591

Introduced 01/11/06, by Rep. 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 805/8.30 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.

LRB094 16353 AMC 51604 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 94th 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 (p) 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, a member may establish service credit for a period of
26 up to 8 years during which he or she was employed by the
27 Visually Handicapped Managers of Illinois in a vending program
28 operated under a contractual agreement with the Department of
29 Rehabilitation Services or its successor agency.

30 This subsection (p) applies without regard to whether the
31 person was in service on or after the effective date of this
32 amendatory Act of the 94th General Assembly. In the case of a
33 person who is receiving a retirement annuity on that effective
34 date, the increase, if any, shall begin to accrue on the first
35 annuity payment date following receipt by the System of the
36 contributions required under this subsection (p).

1 (Source: P.A. 94-612, eff. 8-18-05.)

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

3 Sec. 15-113.3. Service for periods of military service.

4 "Service for periods of military service": Those periods, not
5 exceeding 5 years, during which a person served in the armed
6 forces of the United States, of which all but 2 years must have
7 immediately followed a period of employment with an employer
8 under this System or the State Employees' Retirement System of
9 Illinois; provided that the person received a discharge other
10 than dishonorable and again became an employee under this
11 System within one year after discharge. However, for the up to
12 2 years of military service not immediately following
13 employment, the applicant must make contributions to the System
14 equal to (1) 8% of the employee's basic compensation on the
15 last date as a participating employee prior to such military
16 service, or on the first date as a participating employee after
17 such military service, whichever is greater, plus (2) an amount
18 determined by the board to be equal to the employer's normal
19 cost of the benefits accrued for such military service, plus
20 (3) interest on items (1) and (2) at the effective rate from
21 the date the person last became an employee or November 19,
22 1991, whichever is later, ~~later of the date of first membership~~
23 ~~in the System or the date of conclusion of military service~~ to
24 the date of payment.

25 The change in the manner of calculating interest under this
26 Section made by this amendatory Act of the 94th General
27 Assembly applies to credit purchased by an employee on or after
28 its effective date and does not entitle any person to a refund
29 of contributions or interest already paid.

30 The change in the required contribution for purchased
31 military credit made by Public Act 87-1265 ~~this amendatory Act~~
32 ~~of 1993~~ does not entitle any person to a refund of
33 contributions already paid. The contributions paid under this
34 Section are not normal contributions as defined in Section
35 15-114 or additional contributions as defined in Section

1 15-115.

2 The changes to this Section made by Public Act 87-794 ~~this~~
3 ~~amendatory Act of 1991~~ shall apply not only to persons who on
4 or after its effective date are in service under the System,
5 but also to persons whose employment terminated prior to that
6 date, whether or not the person is an annuitant on that date.
7 In the case of an annuitant who applies for credit allowable
8 under this Section for a period of military service that did
9 not immediately follow employment, and who has made the
10 required contributions for such credit, the annuity shall be
11 recalculated to include the additional service credit, with the
12 increase taking effect on the date the System received written
13 notification of the annuitant's intent to purchase the credit,
14 if payment of all the required contributions is made within 60
15 days of such notice, or else on the first annuity payment date
16 following the date of payment of the required contributions. In
17 calculating the automatic annual increase for an annuity that
18 has been recalculated under this Section, the increase
19 attributable to the additional service allowable under Public
20 Act 87-794 ~~this amendatory Act of 1991~~ shall be included in the
21 calculation of automatic annual increases accruing after the
22 effective date of the recalculation.

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

24 (40 ILCS 5/16-128) (from Ch. 108 1/2, par. 16-128)

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

26 (a) Except as otherwise provided in this Section, in ~~in~~
27 order to receive the creditable service specified under
28 subsection (b) of Section 16-127, a member is required to make
29 the following contributions:

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

33 (ii) for military service not immediately following
34 employment as a teacher and for service established under
35 subdivision (b)(10) of Section 16-127, an amount

1 determined by the Board to be equal to the employer's
2 normal cost of the benefits accrued for such service; and

3 (iii) interest from the date the contributions would
4 have been due ~~(or, in the case of a person establishing~~
5 ~~credit for military service under subdivision (b)(3) of~~
6 ~~Section 16-127, the date of first membership in the System,~~
7 ~~if that date is later)~~ to the date of payment, at the
8 following rate of interest, compounded annually: for
9 periods prior to July 1, 1965, regular interest; from July
10 1, 1965 to June 30, 1977, 4% per year; on and after July 1,
11 1977, regular interest.

12 (a-5) Beginning on the effective date of this amendatory
13 Act of the 94th General Assembly, a member must pay the
14 contributions specified in subsection (a) in order to establish
15 credit under subdivision (b)(3) of Section 16-127 for any
16 military service not immediately following employment as a
17 teacher; however, contributions are required for a member to
18 establish credit for other military service permitted under
19 subdivision (b)(3) of Section 16-127 only if the period of
20 military service ends before the effective date of this
21 amendatory Act.

22 Beginning on the effective date of this amendatory Act of
23 the 94th General Assembly, rather than the interest described
24 in subdivision (a)(iii), a person establishing credit for
25 military service not immediately following employment as a
26 teacher under subdivision (b)(3) of Section 16-127 shall pay
27 interest at the rate of 5% per year, compounded annually, from
28 the date the person last became a participant in this System or
29 November 19, 1991, whichever is later, to the date of payment.

30 The changes made by this amendatory Act of the 94th General
31 Assembly in the contributions and interest required for
32 military service credit do not entitle any person to a refund
33 of contributions or interest already paid.

34 (b) In order to receive creditable service under paragraph
35 (2) of subsection (b) of Section 16-127 for those who were not
36 members on June 30, 1963, the minimum required contribution

1 shall be \$420 per year of service together with interest at 4%
2 per year compounded annually from July 1, preceding the date of
3 membership until June 30, 1977 and at regular interest
4 compounded annually thereafter to the date of payment.

5 (c) In determining the contribution required in order to
6 receive creditable service under paragraph (3) of subsection
7 (b) of Section 16-127, the salary rate for the remainder of the
8 school term in which a member enters military service shall be
9 assumed to be equal to the member's salary rate at the time of
10 entering military service. However, for military service not
11 immediately following employment, the salary rate on the last
12 date as a participating teacher prior to such military service,
13 or on the first date as a participating teacher after such
14 military service, whichever is greater, shall be assumed to be
15 equal to the member's salary rate at the time of entering
16 military service. For each school term thereafter, the member's
17 salary rate shall be assumed to be 5% higher than the salary
18 rate in the previous school term.

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

25 (d-5) For each year of service credit to be established
26 under subsection (b-1) of Section 16-127, a member is required
27 to contribute to the System (i) 16.5% of the annual salary rate
28 during the first year of full-time employment as a teacher
29 under this Article following the private school service, plus
30 (ii) interest thereon from the date of first full-time
31 employment as a teacher under this Article following the
32 private school service to the date of payment, compounded
33 annually, at the rate of 8.5% per year for periods before the
34 effective date of this amendatory Act of the 92nd General
35 Assembly, and for subsequent periods at a rate equal to the
36 System's actuarially assumed rate of return on investments.

1 (d-10) For service credit established under paragraph (6)
2 of subsection (b) of Section 16-127 for days granted by an
3 employer in excess of the member's normal annual sick leave
4 allotment, the employer is required to pay the normal cost of
5 benefits based upon such service credit. This subsection (d-10)
6 does not apply to sick leave granted to teachers under
7 contracts or collective bargaining agreements entered into,
8 amended, or renewed before the effective date of this
9 amendatory Act of the 94th General Assembly.

10 (e) The contributions required under this Section may be
11 made from the date the statement for such creditable service is
12 issued until retirement date. All such required contributions
13 must be made before any retirement annuity is granted.

14 (Source: P.A. 94-4, eff. 6-1-05.)

15 (40 ILCS 5/17-134) (from Ch. 108 1/2, par. 17-134)

16 Sec. 17-134. Contributions for leaves of absence; military
17 service; computing service. In computing service for pension
18 purposes the following periods of service shall stand in lieu
19 of a like number of years of teaching service upon payment
20 therefor in the manner hereinafter provided: (a) time spent on
21 a leave of absence granted by the employer; (b) service with
22 teacher or labor organizations based upon special leaves of
23 absence therefor granted by an Employer; (c) a maximum of 5
24 years spent in the military service of the United States, of
25 which up to 2 years may have been served outside the pension
26 period; (d) unused sick days at termination of service to a
27 maximum of 244 days; (e) time lost due to layoff and
28 curtailment of the school term from June 6 through June 21,
29 1976; and (f) time spent after June 30, 1982 as a member of the
30 Board of Education, if required to resign from an
31 administrative or teaching position in order to qualify as a
32 member of the Board of Education.

33 (1) For time spent on or after September 6, 1948 on
34 sabbatical leaves of absence or sick leaves, for which
35 salaries are paid, an Employer shall make payroll

1 deductions at the applicable rates in effect during such
2 periods.

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

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

23 (4) For service with teacher or labor organizations
24 authorized by special leaves of absence, for which no
25 payroll deductions are made by an Employer, teachers
26 desiring service credit therefor shall contribute to the
27 Fund upon the basis of the actual salary received from such
28 organizations at the percentage rates in effect during such
29 periods for certified positions with such Employer. To the
30 extent the actual salary exceeds the regular salary, which
31 shall be defined as the salary rate, as calculated by the
32 Board, in effect for the teacher's regular position in
33 teaching service on September 1, 1983 or on the effective
34 date of the leave with the organization, whichever is
35 later, the organization shall pay to the Fund the
36 employer's normal cost as set by the Board on the

1 increment.

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

22 Beginning on the effective date of this amendatory Act
23 of the 94th General Assembly, the contributions specified
24 in this paragraph (5) are required for a member to
25 establish credit for military service served during the
26 pension period only if the period of military service ends
27 before the effective date of this amendatory Act of the
28 94th General Assembly; however, a member must pay the
29 contributions specified in this paragraph (5) in order to
30 establish credit for any military service served outside
31 the pension period. The changes in the required
32 contributions and interest for military service credit
33 made by this amendatory Act of the 94th General Assembly do
34 not entitle any person to a refund of contributions or
35 interest already paid.

36 The changes to this Section made by Public Act 87-795

1 shall apply not only to persons who on or after its
2 effective date are in service under the Fund, but also to
3 persons whose status as a teacher terminated prior to that
4 date, whether or not the person is an annuitant on that
5 date. In the case of an annuitant who applies for credit
6 allowable under this Section for a period of military
7 service that did not immediately follow employment, and who
8 has made the required contributions for such credit, the
9 annuity shall be recalculated to include the additional
10 service credit, with the increase taking effect on the date
11 the Fund received written notification of the annuitant's
12 intent to purchase the credit, if payment of all the
13 required contributions is made within 60 days of such
14 notice, or else on the first annuity payment date following
15 the date of payment of the required contributions. In
16 calculating the automatic annual increase for an annuity
17 that has been recalculated under this Section, the increase
18 attributable to the additional service allowable under
19 this amendatory Act of 1991 shall be included in the
20 calculation of automatic annual increases accruing after
21 the effective date of the recalculation.

22 The total credit for military service shall not exceed
23 5 years, except that any teacher who on July 1, 1963, had
24 validated credit for more than 5 years of military service
25 shall be entitled to the total amount of such credit.

26 (6) A maximum of 244 unused sick days credited to his
27 account by an Employer on the date of termination of
28 employment. Members, upon verification of unused sick
29 days, may add this service time to total creditable
30 service.

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

35 (8) For time lost without pay due to layoff and
36 curtailment of the school term from June 6 through June 21,

1 1976, as provided in item (e) of the first paragraph of
2 this Section, persons who were contributors on the days
3 immediately preceding such layoff shall receive credit
4 upon paying to the Fund a contribution based on the rates
5 of compensation and employee contributions in effect at the
6 time of such layoff, together with an additional amount
7 equal to 12.2% of the compensation computed for such period
8 of layoff, plus interest on the entire amount at 5% per
9 annum from January 1, 1978 to the date of payment. If such
10 contribution is paid, salary for pension purposes for any
11 year in which such a layoff occurred shall include the
12 compensation recognized for purposes of computing that
13 contribution.

14 (9) For time spent after June 30, 1982, as a
15 nonsalaried member of the Board of Education, if required
16 to resign from an administrative or teaching position in
17 order to qualify as a member of the Board of Education, an
18 administrator or teacher desiring credit therefor shall
19 pay the required contributions at the rates and salaries in
20 effect during such periods as though the member were in
21 service.

22 Effective September 1, 1974, the interest charged for
23 validation of service described in paragraphs (2) through (5)
24 of this Section shall be compounded annually at a rate of 5%
25 commencing one year after the termination of the leave or
26 return to service.

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

28 Section 90. The State Mandates Act is amended by adding
29 Section 8.30 as follows:

30 (30 ILCS 805/8.30 new)

31 Sec. 8.30. Exempt mandate. Notwithstanding Sections 6 and 8
32 of this Act, no reimbursement by the State is required for the
33 implementation of any mandate created by this amendatory Act of
34 the 94th General Assembly.

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