



Rep. Gary Hannig

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1 AMENDMENT TO SENATE BILL 1693

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1693 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by  
5 changing Sections 7-142.1, 7-156, 7-169, 7-172, and 7-173.1 as  
6 follows:

7 (40 ILCS 5/7-142.1) (from Ch. 108 1/2, par. 7-142.1)

8 Sec. 7-142.1. Sheriff's law enforcement employees.

9 (a) In lieu of the retirement annuity provided by  
10 subparagraph 1 of paragraph (a) of Section 7-142:

11 Any sheriff's law enforcement employee who has 20 or more  
12 years of service in that capacity and who terminates service  
13 prior to January 1, 1988 shall be entitled at his option to  
14 receive a monthly retirement annuity for his service as a  
15 sheriff's law enforcement employee computed by multiplying 2%  
16 for each year of such service up to 10 years, 2 1/4% for each  
17 year of such service above 10 years and up to 20 years, and 2  
18 1/2% for each year of such service above 20 years, by his  
19 annual final rate of earnings and dividing by 12.

20 Any sheriff's law enforcement employee who has 20 or more  
21 years of service in that capacity and who terminates service on  
22 or after January 1, 1988 and before July 1, 2004 shall be  
23 entitled at his option to receive a monthly retirement annuity  
24 for his service as a sheriff's law enforcement employee

1 computed by multiplying 2.5% for each year of such service up  
2 to 20 years, 2% for each year of such service above 20 years  
3 and up to 30 years, and 1% for each year of such service above  
4 30 years, by his annual final rate of earnings and dividing by  
5 12.

6 Any sheriff's law enforcement employee who has 20 or more  
7 years of service in that capacity and who terminates service on  
8 or after July 1, 2004 shall be entitled at his or her option to  
9 receive a monthly retirement annuity for service as a sheriff's  
10 law enforcement employee computed by multiplying 2.5% for each  
11 year of such service by his annual final rate of earnings and  
12 dividing by 12.

13 If a sheriff's law enforcement employee has service in any  
14 other capacity, his retirement annuity for service as a  
15 sheriff's law enforcement employee may be computed under this  
16 Section and the retirement annuity for his other service under  
17 Section 7-142.

18 In no case shall the total monthly retirement annuity for  
19 persons who retire before July 1, 2004 exceed 75% of the  
20 monthly final rate of earnings. In no case shall the total  
21 monthly retirement annuity for persons who retire on or after  
22 July 1, 2004 exceed 80% of the monthly final rate of earnings.

23 (b) Whenever continued group insurance coverage is elected  
24 in accordance with the provisions of Section 367h of the  
25 Illinois Insurance Code, as now or hereafter amended, the total  
26 monthly premium for such continued group insurance coverage or  
27 such portion thereof as is not paid by the municipality shall,  
28 upon request of the person electing such continued group  
29 insurance coverage, be deducted from any monthly pension  
30 benefit otherwise payable to such person pursuant to this  
31 Section, to be remitted by the Fund to the insurance company or  
32 other entity providing the group insurance coverage.

33 (c) A sheriff's law enforcement employee who has service in  
34 any other capacity may convert up to 10 years of that service

1 into service as a sheriff's law enforcement employee by paying  
2 to the Fund an amount equal to (1) the additional employee  
3 contribution required under Section 7-173.1, plus (2) the  
4 additional employer contribution required under Section 7-172,  
5 plus (3) interest on items (1) and (2) at the prescribed rate  
6 from the date of the service to the date of payment.

7 (d) The changes to subsections (a) and (b) of this Section  
8 made by this amendatory Act of the 94th General Assembly apply  
9 only to persons in service on or after July 1, 2004. In the  
10 case of such a person who begins to receive a retirement  
11 annuity before the effective date of this amendatory Act of the  
12 94th General Assembly, the annuity shall be recalculated  
13 prospectively to reflect those changes, with the resulting  
14 increase beginning to accrue on the first annuity payment date  
15 following the effective date of this amendatory Act.

16 (Source: P.A. 85-941.)

17 (40 ILCS 5/7-156) (from Ch. 108 1/2, par. 7-156)  
18 Sec. 7-156. Surviving spouse annuities - amount.

19 (a) The amount of surviving spouse annuity shall be:

20 1. Upon the death of an employee annuitant or such person  
21 entitled, upon application, to a retirement annuity at date of  
22 death, (i) an amount equal to 1/2 of the retirement annuity  
23 which was or would have been payable exclusive of the amount so  
24 payable which was provided from additional credits, and  
25 disregarding any election made under paragraph (b) of Section  
26 7-142, plus (ii) an annuity which could be provided at the then  
27 attained age of the surviving spouse and under actuarial tables  
28 then in effect, from the excess of the additional credits,  
29 (excluding any such credits used to create a reversionary  
30 annuity) used to provide the annuity granted pursuant to  
31 paragraph (a) (2) of Section 7-142 of this article over the  
32 total annuity payments made pursuant thereto.

33 2. Upon the death of a participating employee on or after

1 attainment of age 55, an amount equal to 1/2 of the retirement  
2 annuity which he could have had as of the date of death had he  
3 then retired and applied for annuity, exclusive of the portion  
4 thereof which could have been provided from additional credits,  
5 and disregarding paragraph (b) of Section 7-142, plus an amount  
6 equal to the annuity which could be provided from the total of  
7 his accumulated additional credits at date of death, on the  
8 basis of the attained age of the surviving spouse on such date.

9 3. Upon the death of a participating employee before age  
10 55, an amount equal to 1/2 of the retirement annuity which he  
11 could have had as of his attained age on the date of death, had  
12 he then retired and applied for annuity, and the provisions of  
13 this Article that no such annuity shall begin until the  
14 employee has attained at least age 55 were not applicable,  
15 exclusive of the portion thereof which could have been provided  
16 from additional credits and disregarding paragraph (b) of  
17 Section 7-142, plus an amount equal to the annuity which could  
18 be provided from the total of his accumulated additional  
19 credits at date of death, on the basis of the attained age of  
20 the surviving spouse on such date.

21 In the case of the surviving spouse of a person who dies  
22 before the effective date of this amendatory Act of the 94th  
23 General Assembly, if the a surviving spouse is more than 5  
24 years younger than the deceased, that portion of the annuity  
25 which is not based on additional credits shall be reduced in  
26 the ratio of the value of a life annuity of \$1 per year at an  
27 age of 5 years less than the attained age of the deceased, at  
28 the earlier of the date of the death or the date his retirement  
29 annuity begins, to the value of a life annuity of \$1 per year  
30 at the attained age of the surviving spouse on such date,  
31 according to actuarial tables approved by the Board. This  
32 reduction does not apply to the surviving spouse of a person  
33 who dies on or after the effective date of this amendatory Act  
34 of the 94th General Assembly.

1 In computing the amount of a surviving spouse annuity,  
2 incremental increases of retirement annuities to the date of  
3 death of the employee annuitant shall be considered.

4 (b) Each surviving spouse annuity payable on January 1,  
5 1988 shall be increased on that date by 3% of the original  
6 amount of the annuity. Each surviving spouse annuity that  
7 begins after January 1, 1988 shall be increased on the January  
8 1 next occurring after the annuity begins, by an amount equal  
9 to (i) 3% of the original amount thereof if the deceased  
10 employee was receiving a retirement annuity at the time of his  
11 death; otherwise (ii) 0.167% of the original amount thereof for  
12 each complete month which has elapsed since the date the  
13 annuity began.

14 On each January 1 after the date of the initial increase  
15 under this subsection, each surviving spouse annuity shall be  
16 increased by 3% of the originally granted amount of the  
17 annuity.

18 (Source: P.A. 85-941.)

19 (40 ILCS 5/7-169) (from Ch. 108 1/2, par. 7-169)

20 Sec. 7-169. Separation benefits; repayments.

21 (a) If an employee who has received a separation benefit  
22 subsequently becomes a participating employee, and renders at  
23 least 2 years of contributing service from the date of such  
24 re-entry, he may pay to the fund the amount of the separation  
25 benefit, plus interest at the effective rate for each year from  
26 the date of payment of the separation benefit to the date of  
27 repayment. Upon payment his creditable service shall be  
28 reinstated and the payment shall be credited to his account as  
29 normal contributions.

30 (b) Beginning July 1, 2004, the requirement of returning  
31 to service for at least 2 years does not apply to persons who  
32 return to service as a sheriff's law enforcement employee. This  
33 subsection applies only to persons in service on or after July

1 1, 2004. In the case of such a person who begins to receive a  
2 retirement annuity before the effective date of this amendatory  
3 Act of the 94th General Assembly, the annuity shall be  
4 recalculated prospectively to reflect any credits reinstated  
5 as a result of this subsection, with the resulting increase in  
6 annuity beginning to accrue on the first annuity payment date  
7 following the effective date of this amendatory Act, but not  
8 earlier than the date the repayment is received by the Fund.

9 (Source: P.A. 84-1028.)

10 (40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)

11 Sec. 7-172. Contributions by participating municipalities  
12 and participating instrumentalities.

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

15 1. municipality contributions in an amount determined  
16 by applying the municipality contribution rate to each  
17 payment of earnings paid to each of its participating  
18 employees;

19 2. an amount equal to the employee contributions  
20 provided by paragraphs (a) and (b) of Section 7-173,  
21 whether or not the employee contributions are withheld as  
22 permitted by that Section;

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

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

33 (b) A separate municipality contribution rate shall be

1 determined for each calendar year for all participating  
2 municipalities together with all instrumentalities thereof.  
3 The municipality contribution rate shall be determined for  
4 participating instrumentalities as if they were participating  
5 municipalities. The municipality contribution rate shall be  
6 the sum of the following percentages:

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

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

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

1           4. The percentage of earnings of the participating  
2 employees of all participating municipalities and  
3 participating instrumentalities necessary to provide the  
4 present value of the net single sum death benefits expected  
5 to become payable from the reserve established under  
6 Section 7-206 during the year for which this rate is fixed.

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

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

12           A separate municipality contribution rate shall be  
13 computed for the sheriff's law enforcement employees of each  
14 forest preserve district that elects to have such employees.  
15 For the period from January 1, 1986 to December 31, 1986, such  
16 rate shall be the forest preserve district's regular rate plus  
17 2%.

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

25           (d) The Board may establish a separate municipality  
26 contribution rate for all employees who are program  
27 participants employed under the federal Comprehensive  
28 Employment Training Act by all of the participating  
29 municipalities and instrumentalities. The Board may also  
30 provide that, in lieu of a separate municipality rate for these  
31 employees, a portion of the municipality contributions for such  
32 program participants shall be refunded or an extra charge  
33 assessed so that the amount of municipality contributions  
34 retained or received by the fund for all CETA program



1 participants shall be an amount equal to that which would be  
2 provided by the separate municipality contribution rate for all  
3 such program participants. Refunds shall be made to prime  
4 sponsors of programs upon submission of a claim therefor and  
5 extra charges shall be assessed to participating  
6 municipalities and instrumentalities. In establishing the  
7 municipality contribution rate as provided in paragraph (b) of  
8 this Section, the use of a separate municipality contribution  
9 rate for program participants or the refund of a portion of the  
10 municipality contributions, as the case may be, may be  
11 considered.

12 (e) Computations of municipality contribution rates for  
13 the following calendar year shall be made prior to the  
14 beginning of each year, from the information available at the  
15 time the computations are made, and on the assumption that the  
16 employees in each participating municipality or participating  
17 instrumentality at such time will continue in service until the  
18 end of such calendar year at their respective rates of earnings  
19 at such time.

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

1 amended, or distributions under Section 3 of the Department of  
2 Public Health Act, shall use these only for municipality  
3 contributions by the health department.

4 (g) Municipality contributions for the several purposes  
5 specified shall, for township treasurers and employees in the  
6 offices of the township treasurers who meet the qualifying  
7 conditions for coverage hereunder, be allocated among the  
8 several school districts and parts of school districts serviced  
9 by such treasurers and employees in the proportion which the  
10 amount of school funds of each district or part of a district  
11 handled by the treasurer bears to the total amount of all  
12 school funds handled by the treasurer.

13 From the funds subject to allocation among districts and  
14 parts of districts pursuant to the School Code, the trustees  
15 shall withhold the proportionate share of the liability for  
16 municipality contributions imposed upon such districts by this  
17 Section, in respect to such township treasurers and employees  
18 and remit the same to the Board.

19 The municipality contribution rate for an educational  
20 service center shall initially be the same rate for each year  
21 as the regional office of education or school district which  
22 serves as its administrative agent. When actuarial data become  
23 available, a separate rate shall be established as provided in  
24 subparagraph (i) of this Section.

25 The municipality contribution rate for a public agency,  
26 other than a vocational education cooperative, formed under the  
27 Intergovernmental Cooperation Act shall initially be the  
28 average rate for the municipalities which are parties to the  
29 intergovernmental agreement. When actuarial data become  
30 available, a separate rate shall be established as provided in  
31 subparagraph (i) of this Section.

32 (h) Each participating municipality and participating  
33 instrumentality shall make the contributions in the amounts  
34 provided in this Section in the manner prescribed from time to

1 time by the Board and all such contributions shall be  
2 obligations of the respective participating municipalities and  
3 participating instrumentalities to this fund. The failure to  
4 deduct any employee contributions shall not relieve the  
5 participating municipality or participating instrumentality of  
6 its obligation to this fund. Delinquent payments of  
7 contributions due under this Section may, with interest, be  
8 recovered by civil action against the participating  
9 municipalities or participating instrumentalities.  
10 Municipality contributions, other than the amount necessary  
11 for employee contributions and Social Security contributions,  
12 for periods of service by employees from whose earnings no  
13 deductions were made for employee contributions to the fund,  
14 may be charged to the municipality reserve for the municipality  
15 or participating instrumentality.

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

22 (j) Notwithstanding the other provisions of this Section,  
23 the additional unfunded liability accruing as a result of this  
24 amendatory Act of the 94th General Assembly shall be amortized  
25 over a period of 30 years beginning on January 1 of the second  
26 calendar year following the calendar year in which this  
27 amendatory Act takes effect, except that the employer may  
28 provide for a longer amortization period by adopting a  
29 resolution or ordinance specifying a 35-year or 40-year period  
30 and submitting a certified copy of the ordinance or resolution  
31 to the fund no later than June 1 of the calendar year following  
32 the calendar year in which this amendatory Act takes effect.

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

1 (40 ILCS 5/7-173.1) (from Ch. 108 1/2, par. 7-173.1)

2 Sec. 7-173.1. Additional contribution by sheriff's law  
3 enforcement employees.

4 (a) Each sheriff's law enforcement employee shall make an  
5 additional contribution of 1% of earnings, which shall be  
6 considered as normal contributions. For earnings on or after  
7 July 1, 1988, the additional contribution shall be 2% of  
8 earnings. For earnings on or after the effective date of this  
9 amendatory Act of the 94th General Assembly, the additional  
10 contribution shall be 3% of earnings; this increase is intended  
11 to defray the employee's portion of the cost of the benefit  
12 increases provided by this amendatory Act of the 94th General  
13 Assembly.

14 This additional contribution shall be payable for  
15 retroactive service periods which the employee elects to  
16 establish and to periods of authorized leave of absence.

17 (b) If the employee is awarded a retirement annuity under  
18 Section 7-142 and not under Section 7-142.1, then the  
19 additional contribution required under this Section shall be  
20 refunded with interest or paid as provided in subsection (c).  
21 If the employee returns to a participating status as a  
22 sheriff's law enforcement employee, the employee may repay the  
23 amount refunded with interest and upon subsequent retirement be  
24 entitled to a recomputation of the retirement annuity under  
25 Section 7-142.1 if the total service as a sheriff's law  
26 enforcement employee meets the requirements of that Section.

27 (c) Instead of a refund under subsection (b), the retiring  
28 employee may elect to convert the amount of the refund into an  
29 annuity, payable separately from the retirement annuity. If the  
30 annuitant dies before the guaranteed amount has been  
31 distributed, the remainder shall be paid in a lump sum to the  
32 designated beneficiary of the annuitant. The Board shall adopt  
33 any rules necessary for the implementation of this subsection.

34 (Source: P.A. 90-766, eff. 8-14-98.)

1           Section 90. The State Mandates Act is amended by adding  
2           Section 8.29 as follows:

3           (30 ILCS 805/8.29 new)

4           Sec. 8.29. Exempt mandate. Notwithstanding Sections 6 and 8  
5           of this Act, no reimbursement by the State is required for the  
6           implementation of any mandate created by this amendatory Act of  
7           the 94th General Assembly."