



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB0857

Introduced 2/7/2007, by Rep. Robert S. Molaro

SYNOPSIS AS INTRODUCED:

40 ILCS 5/15-113.6	from Ch. 108 1/2, par. 15-113.6
40 ILCS 5/15-113.7	from Ch. 108 1/2, par. 15-113.7
40 ILCS 5/15-141	from Ch. 108 1/2, par. 15-141
40 ILCS 5/15-158.3	
40 ILCS 5/15-178	from Ch. 108 1/2, par. 15-178
40 ILCS 5/15-167.3 rep.	

Amends the State Universities Article of the Illinois Pension Code. In provisions concerning service for employment in public schools and other public employment, replaces references to service in the military forces with references to service in a capacity essentially similar or equivalent to that of a teacher. Deletes a provision requiring the Board of Trustees of the State Universities Retirement System to have the System's actuary prepare a report showing the actual rate of participation in the self-managed plan and the extent to which employee optional retirement plan participation has reduced the State's required contributions to the System. Provides that, in addition to warrants and checks, the State Comptroller and payroll officers may use an electronic funds transfer to pay employees. Repeals a provision encouraging the System to use emerging investment managers, minority-owned businesses, female-owned businesses, and business owned by persons with disabilities in managing the system's assets. Makes other changes. Effective immediately.

LRB095 06238 AMC 26332 b

FISCAL NOTE ACT
MAY APPLY

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 Sections 15-113.6, 15-113.7, 15-141, 15-158.3, and 15-178 as
6 follows:

7 (40 ILCS 5/15-113.6) (from Ch. 108 1/2, par. 15-113.6)

8 Sec. 15-113.6. Service for employment in public schools.

9 "Service for employment in public schools": Includes those
10 periods not exceeding the lesser of 10 years or 2/3 of the
11 service granted under other Sections of this Article dealing
12 with service credit, during which a person who entered the
13 system after September 1, 1974 was employed full time by a
14 public common school, public college and public university, or
15 by an agency or instrumentality of any of the foregoing, of any
16 state, territory, dependency or possession of the United States
17 of America, including the Philippine Islands, or a school
18 operated by or under the auspices of any agency or department
19 of any other state, if the person (1) cannot qualify for a
20 retirement pension or other benefit based upon employer
21 contributions from another retirement system, exclusive of
22 federal social security, based in whole or in part upon this
23 employment, and (2) pays the lesser of (A) an amount equal to

1 8% of his or her annual basic compensation on the date of
2 becoming a participating employee subsequent to this service
3 multiplied by the number of years of such service, together
4 with compound interest from the date participation begins to
5 the date payment is received by the board at the rate of 6% per
6 annum through August 31, 1982, and at the effective rates after
7 that date, and (B) 50% of the actuarial value of the increase
8 in the retirement annuity provided by this service, and (3)
9 contributes for at least 5 years subsequent to this employment
10 to one or more of the following systems: the State Universities
11 Retirement System, the Teachers' Retirement System of the State
12 of Illinois, and the Public School Teachers' Pension and
13 Retirement Fund of Chicago.

14 The service granted under this Section shall not be
15 considered in determining whether the person has the minimum of
16 8 years of service required to qualify for a retirement annuity
17 at age 55 or the 5 years of service required to qualify for a
18 retirement annuity at age 62, as provided in Section 15-135.
19 The maximum allowable service of 10 years for this governmental
20 employment shall be reduced by the service credit which is
21 validated under paragraph (2) of subsection (b) ~~(3)~~ of Section
22 16-127 and paragraph 1 of Section 17-133.

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

24 (40 ILCS 5/15-113.7) (from Ch. 108 1/2, par. 15-113.7)

25 Sec. 15-113.7. Service for other public employment.

1 "Service for other public employment": Includes those periods
2 not exceeding the lesser of 10 years or 2/3 of the service
3 granted under other Sections of this Article dealing with
4 service credit, during which a person was employed full time by
5 the United States government, or by the government of a state,
6 or by a political subdivision of a state, or by an agency or
7 instrumentality of any of the foregoing, if the person (1)
8 cannot qualify for a retirement pension or other benefit based
9 upon employer contributions from another retirement system,
10 exclusive of federal social security, based in whole or in part
11 upon this employment, and (2) pays the lesser of (A) an amount
12 equal to 8% of his or her annual basic compensation on the date
13 of becoming a participating employee subsequent to this service
14 multiplied by the number of years of such service, together
15 with compound interest from the date participation begins to
16 the date payment is received by the board at the rate of 6% per
17 annum through August 31, 1982, and at the effective rates after
18 that date, and (B) 50% of the actuarial value of the increase
19 in the retirement annuity provided by this service, and (3)
20 contributes for at least 5 years subsequent to this employment
21 to one or more of the following systems: the State Universities
22 Retirement System, the Teachers' Retirement System of the State
23 of Illinois, and the Public School Teachers' Pension and
24 Retirement Fund of Chicago. If a function of a governmental
25 unit as defined by Section 20-107 is transferred by law, in
26 whole or in part to an employer, and an employee transfers

1 employment from this governmental unit to such employer within
2 6 months of the transfer of the function, the payment for
3 service authorized under this Section shall not exceed the
4 amount which would have been payable for this service to the
5 retirement system covering the governmental unit from which the
6 function was transferred.

7 The service granted under this Section shall not be
8 considered in determining whether the person has the minimum of
9 8 years of service required to qualify for a retirement annuity
10 at age 55 or the 5 years of service required to qualify for a
11 retirement annuity at age 62, as provided in Section 15-135.
12 The maximum allowable service of 10 years for this governmental
13 employment shall be reduced by the service credit which is
14 validated under paragraph (2) of subsection (b) ~~(3)~~ of Section
15 16-127 and paragraph one of Section 17-133.

16 Except as hereinafter provided, this Section shall not
17 apply to persons who become participants in the system after
18 September 1, 1974.

19 (Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97.)

20 (40 ILCS 5/15-141) (from Ch. 108 1/2, par. 15-141)

21 Sec. 15-141. Death benefits - Death of participant.

22 (a) The beneficiary of a participant under the traditional
23 benefit package is entitled to a death benefit equal to the sum
24 of (1) the employee's accumulated normal and additional
25 contributions on the date of death, (2) the employee's

1 accumulated survivors insurance contributions on the date of
2 death, if a survivors insurance benefit is not payable, (3) an
3 amount equal to the employee's final rate of earnings, but not
4 more than \$5,000, if (i) the beneficiary, under rules of the
5 board, was dependent upon the participant, (ii) the participant
6 was a participating employee immediately prior to his or her
7 death, and (iii) a survivors insurance benefit is not payable,
8 and (4) \$2,500 if (i) the beneficiary was not dependent upon
9 the participant, (ii) the participant was a participating
10 employee immediately prior to his or her death, and (iii) a
11 survivors insurance benefit is not payable.

12 (b) If the participant has elected to participate in the
13 portable benefit package and has completed the one-year waiting
14 period required under subsection (e) of Section 15-134.5, the
15 death benefit shall be equal to the employee's accumulated
16 normal and additional contributions on the date of death plus,
17 if the employee died with 1.5 or more years of service for
18 employment as defined in Section 15-113.1, employer
19 contributions in an amount equal to the sum of the accumulated
20 normal and additional contributions; except that if a
21 pre-retirement survivor annuity is payable under Section
22 15-136.4, the death benefit payable under this paragraph shall
23 be reduced, but to not less than zero, by the actuarial value
24 of the benefit payable to the surviving spouse. If the
25 recipient of a pre-retirement survivor annuity dies before an
26 amount equal to all accumulated normal and additional

1 contributions as of the date of death have been paid out, the
2 remaining difference shall be paid to the member's beneficiary.
3 The primary beneficiary of the participant must be his or her
4 spouse unless the spouse has consented to the designation of
5 another beneficiary in the manner described in subsection (d)
6 of Section 15-136.4.

7 (c) If payments are made under any State or federal
8 workers' compensation or occupational diseases law because of
9 the death of an employee, the portion of the death benefit
10 payable from employer contributions shall be reduced by the
11 total amount of the payments.

12 (Source: P.A. 90-448, eff. 8-16-97; 90-766, eff. 8-14-98;
13 91-877, eff. 7-6-00.)

14 (40 ILCS 5/15-158.3)

15 Sec. 15-158.3. Reports on cost reduction; effect on
16 retirement at any age with 30 years of service.

17 (a) (Blank). ~~On or before November 15, 2001 and on or~~
18 ~~before November 15th of each year thereafter, the Board shall~~
19 ~~have the System's actuary prepare a report showing, on a fiscal~~
20 ~~year by fiscal year basis, the actual rate of participation in~~
21 ~~the self-managed plan authorized by Section 15-158.2, (i) by~~
22 ~~employees of the System's covered higher educational~~
23 ~~institutions who were hired on or after the implementation date~~
24 ~~of the self-managed plan and (ii) by other System participants.~~

25 ~~The actuary's report must also quantify the extent to which~~

1 ~~employee optional retirement plan participation has reduced~~
2 ~~the State's required contributions to the System, expressed~~
3 ~~both in dollars and as a percentage of covered payroll, in~~
4 ~~relation to what the State's contributions to the System would~~
5 ~~have been (1) if the self managed plan had not been~~
6 ~~implemented, and (2) if 45% of employees of the System's~~
7 ~~covered higher educational institutions who were hired on or~~
8 ~~after the implementation date of the self managed plan had~~
9 ~~elected to participate in the self managed plan and 10% of~~
10 ~~other System participants had transferred to the self managed~~
11 ~~plan following its implementation.~~

12 (b) On or before November 15th of 2001 and on or before
13 November 15th of each year thereafter, the Illinois Board of
14 Higher Education, in conjunction with the Bureau of the Budget
15 (now Governor's Office of Management and Budget) shall prepare
16 a report showing, on a fiscal year by fiscal year basis, the
17 amount by which the costs associated with compensable sick
18 leave have been reduced as a result of the termination of
19 compensable sick leave accrual on and after January 1, 1998 by
20 employees of higher education institutions who are
21 participants in the System.

22 (c) On or before November 15 of 2001 and on or before
23 November 15th of each year thereafter, the Department of
24 Central Management Services shall prepare a report showing, on
25 a fiscal year by fiscal year basis, the amount by which the
26 State's cost for health insurance coverage under the State

1 Employees Group Insurance Act of 1971 for retirees of the
2 State's universities and their survivors has declined as a
3 result of requiring some of those retirees and survivors to
4 contribute to the cost of their basic health insurance. These
5 year-by-year reductions in cost must be quantified both in
6 dollars and as a level percentage of payroll covered by the
7 System.

8 (d) The reports required under subsections ~~(a)~~, (b) and
9 (c) shall be disseminated to the Board, the Pension Laws
10 Commission (until it ceases to exist), the Commission on
11 Government Forecasting and Accountability, the Illinois Board
12 of Higher Education, and the Governor.

13 (e) The reports required under subsections ~~(a)~~, (b) and
14 (c) shall be taken into account by the Pension Laws Commission
15 (or its successor, the Commission on Government Forecasting and
16 Accountability) in making any recommendation to extend by
17 legislation beyond December 31, 2002 the provision that allows
18 a System participant to retire at any age with 30 or more years
19 of service as authorized in Section 15-135. ~~If that provision~~
20 ~~is extended beyond December 31, 2002, and if the most recent~~
21 ~~report under subsection (a) indicates that actual State~~
22 ~~contributions to the System for the period during which the~~
23 ~~self-managed plan has been in operation have exceeded the~~
24 ~~projected State contributions under the assumptions in clause~~
25 ~~(2) of subsection (a), then any extension of the provision~~
26 ~~beyond December 31, 2002 must require that the System's higher~~

1 ~~educational institutions and agencies cover any funding~~
2 ~~deficiency through an annual payment to the System out of~~
3 ~~appropriate resources of their own.~~

4 (Source: P.A. 93-632, eff. 2-1-04; 93-1067, eff. 1-15-05.)

5 (40 ILCS 5/15-178) (from Ch. 108 1/2, par. 15-178)

6 Sec. 15-178. Duties of the State Comptroller and payroll
7 officers. The State Comptroller and employer payroll officers,
8 in drawing warrants and checks for items of salary on payroll
9 vouchers certified by employers, shall draw such warrants and
10 checks to participating employees for the amount of salary or
11 wages specified for the period, and shall draw a warrant, ~~or~~
12 check, or electronic funds transfer to this system for the
13 total of the contributions required under Section 15-157. All
14 warrants and electronic funds transfers covering such
15 contributions, and ~~together with~~ a deduction register
16 pertaining to the payroll supplied by the employer, shall be
17 transmitted immediately to the board.

18 The Comptroller shall draw warrants or prepare direct
19 deposit transmittals upon the State Treasurer payable from
20 funds appropriated for the purposes specified in this Article
21 upon the presentation of vouchers approved by the board.

22 (Source: P.A. 87-8.)

23 (40 ILCS 5/15-167.3 rep.)

24 Section 10. The Illinois Pension Code is amended by

1 repealing Section 15-167.3.

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