



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB3435

Introduced 2/27/2007, by Rep. William B. Black

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

Amends the State Employees and State Universities of the Illinois Pension Code. Provides that from the effective date until 120 days after the effective date, a person may establish service credit for certain military service without paying the required interest. Provides that the changes do not entitle any person to a refund of contributions or interest already paid. Effective immediately.

LRB095 09728 AMC 31817 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 14-104 and 15-113.3 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

1 establishment, but prior to the date of membership.

2 (b) Any employee who had been previously excluded from
3 membership because of age at entry and subsequently became
4 eligible may elect to make contributions as required in this
5 Section for the period of service during which he was
6 ineligible.

7 (c) An employee of the Department of Insurance who, after
8 January 1, 1944 but prior to becoming eligible for membership,
9 received salary from funds of insurance companies in the
10 process of rehabilitation, liquidation, conservation or
11 dissolution, may elect to make contributions as required in
12 this Section for such service.

13 (d) Any employee who rendered service in a State office to
14 which he was elected, or rendered service in the elective
15 office of Clerk of the Appellate Court prior to the date he
16 became a member, may make contributions for such service as
17 required in this Section. Any member who served by appointment
18 of the Governor under the Civil Administrative Code of Illinois
19 and did not participate in this System may make contributions
20 as required in this Section for such service.

21 (e) Any person employed by the United States government or
22 any instrumentality or agency thereof from January 1, 1942
23 through November 15, 1946 as the result of a transfer from
24 State service by executive order of the President of the United
25 States shall be entitled to prior service credit covering the
26 period from January 1, 1942 through December 31, 1943 as

1 provided for in this Article and to membership service credit
2 for the period from January 1, 1944 through November 15, 1946
3 by making the contributions required in this Section. A person
4 so employed on January 1, 1944 but whose employment began after
5 January 1, 1942 may qualify for prior service and membership
6 service credit under the same conditions.

7 (f) An employee of the Department of Labor of the State of
8 Illinois who performed services for and under the supervision
9 of that Department prior to January 1, 1944 but who was
10 compensated for those services directly by federal funds and
11 not by a warrant of the Auditor of Public Accounts paid by the
12 State Treasurer may establish credit for such employment by
13 making the contributions required in this Section. An employee
14 of the Department of Agriculture of the State of Illinois, who
15 performed services for and under the supervision of that
16 Department prior to June 1, 1963, but was compensated for those
17 services directly by federal funds and not paid by a warrant of
18 the Auditor of Public Accounts paid by the State Treasurer, and
19 who did not contribute to any other public employee retirement
20 system for such service, may establish credit for such
21 employment by making the contributions required in this
22 Section.

23 (g) Any employee who executed a waiver of membership within
24 60 days prior to January 1, 1944 may, at any time while in the
25 service of a department, file with the board a rescission of
26 such waiver. Upon making the contributions required by this

1 Section, the member shall be granted the creditable service
2 that would have been received if the waiver had not been
3 executed.

4 (h) Until May 1, 1990, an employee who was employed on a
5 full-time basis by a regional planning commission for at least
6 5 continuous years may establish creditable service for such
7 employment by making the contributions required under this
8 Section, provided that any credits earned by the employee in
9 the commission's retirement plan have been terminated.

10 (i) Any person who rendered full time contractual services
11 to the General Assembly as a member of a legislative staff may
12 establish service credit for up to 8 years of such services by
13 making the contributions required under this Section, provided
14 that application therefor is made not later than July 1, 1991.

15 (j) By paying the contributions otherwise required under
16 this Section, plus an amount determined by the Board to be
17 equal to the employer's normal cost of the benefit plus
18 interest, but with all of the interest calculated from the date
19 the employee last became a member of the System or November 19,
20 1991, whichever is later, to the date of payment, an employee
21 may establish service credit for a period of up to 2 years
22 spent in active military service for which he does not qualify
23 for credit under Section 14-105, provided that (1) he was not
24 dishonorably discharged from such military service, and (2) the
25 amount of service credit established by a member under this
26 subsection (j), when added to the amount of military service

1 credit granted to the member under subsection (b) of Section
2 14-105, shall not exceed 5 years. The change in the manner of
3 calculating interest under this subsection (j) made by this
4 amendatory Act of the 92nd General Assembly applies to credit
5 purchased by an employee on or after its effective date and
6 does not entitle any person to a refund of contributions or
7 interest already paid. From the effective date of this
8 amendatory Act of the 95th General Assembly until 120 days
9 after that effective date, a person may establish service
10 credit under this subsection (j) without paying the interest
11 required under this subsection (j). The changes made to this
12 subsection (j) by this amendatory Act of the 95th General
13 Assembly do not entitle any person to a refund of contributions
14 or interest already paid.

15 (k) An employee who was employed on a full-time basis by
16 the Illinois State's Attorneys Association Statewide Appellate
17 Assistance Service LEAA-ILEC grant project prior to the time
18 that project became the State's Attorneys Appellate Service
19 Commission, now the Office of the State's Attorneys Appellate
20 Prosecutor, an agency of State government, may establish
21 creditable service for not more than 60 months service for such
22 employment by making contributions required under this
23 Section.

24 (l) By paying the contributions otherwise required under
25 this Section, plus an amount determined by the Board to be
26 equal to the employer's normal cost of the benefit plus

1 interest, a member may establish service credit for periods of
2 less than one year spent on authorized leave of absence from
3 service, provided that (1) the period of leave began on or
4 after January 1, 1982 and (2) any credit established by the
5 member for the period of leave in any other public employee
6 retirement system has been terminated. A member may establish
7 service credit under this subsection for more than one period
8 of authorized leave, and in that case the total period of
9 service credit established by the member under this subsection
10 may exceed one year. In determining the contributions required
11 for establishing service credit under this subsection, the
12 interest shall be calculated from the beginning of the leave of
13 absence to the date of payment.

14 (m) Any person who rendered contractual services to a
15 member of the General Assembly as a worker in the member's
16 district office may establish creditable service for up to 3
17 years of those contractual services by making the contributions
18 required under this Section. The System shall determine a
19 full-time salary equivalent for the purpose of calculating the
20 required contribution. To establish credit under this
21 subsection, the applicant must apply to the System by March 1,
22 1998.

23 (n) Any person who rendered contractual services to a
24 member of the General Assembly as a worker providing
25 constituent services to persons in the member's district may
26 establish creditable service for up to 8 years of those

1 contractual services by making the contributions required
2 under this Section. The System shall determine a full-time
3 salary equivalent for the purpose of calculating the required
4 contribution. To establish credit under this subsection, the
5 applicant must apply to the System by March 1, 1998.

6 (o) A member who participated in the Illinois Legislative
7 Staff Internship Program may establish creditable service for
8 up to one year of that participation by making the contribution
9 required under this Section. The System shall determine a
10 full-time salary equivalent for the purpose of calculating the
11 required contribution. Credit may not be established under this
12 subsection for any period for which service credit is
13 established under any other provision of this Code.

14 (p) By paying the contributions otherwise required under
15 this Section, plus an amount determined by the Board to be
16 equal to the employer's normal cost of the benefit plus
17 interest, a member may establish service credit for a period of
18 up to 8 years during which he or she was employed by the
19 Visually Handicapped Managers of Illinois in a vending program
20 operated under a contractual agreement with the Department of
21 Rehabilitation Services or its successor agency.

22 This subsection (p) applies without regard to whether the
23 person was in service on or after the effective date of this
24 amendatory Act of the 94th General Assembly. In the case of a
25 person who is receiving a retirement annuity on that effective
26 date, the increase, if any, shall begin to accrue on the first

1 annuity payment date following receipt by the System of the
2 contributions required under this subsection (p).

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

4 (40 ILCS 5/15-113.3) (from Ch. 108 1/2, par. 15-113.3)

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

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

1 credit made by this amendatory Act of 1993 does not entitle any
2 person to a refund of contributions already paid. From the
3 effective date of this amendatory Act of the 95th General
4 Assembly until 120 days after that effective date, a person may
5 establish service credit under this Section without paying the
6 interest required under this item (3) of this Section. The
7 changes made to this Section by this amendatory Act of the 95th
8 General Assembly do not entitle any person to a refund of
9 contributions or interest already paid. The contributions paid
10 under this Section are not normal contributions as defined in
11 Section 15-114 or additional contributions as defined in
12 Section 15-115.

13 The changes to this Section made by this amendatory Act of
14 1991 shall apply not only to persons who on or after its
15 effective date are in service under the System, but also to
16 persons whose employment terminated prior to that date, whether
17 or not the person is an annuitant on that date. In the case of
18 an annuitant who applies for credit allowable under this
19 Section for a period of military service that did not
20 immediately follow employment, and who has made the required
21 contributions for such credit, the annuity shall be
22 recalculated to include the additional service credit, with the
23 increase taking effect on the date the System received written
24 notification of the annuitant's intent to purchase the credit,
25 if payment of all the required contributions is made within 60
26 days of such notice, or else on the first annuity payment date

1 following the date of payment of the required contributions. In
2 calculating the automatic annual increase for an annuity that
3 has been recalculated under this Section, the increase
4 attributable to the additional service allowable under this
5 amendatory Act of 1991 shall be included in the calculation of
6 automatic annual increases accruing after the effective date of
7 the recalculation.

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

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.