



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB1960

Introduced 2/7/2008, by Sen. James F. Clayborne, Jr.

SYNOPSIS AS INTRODUCED:

40 ILCS 5/7-141	from Ch. 108 1/2, par. 7-141
40 ILCS 5/7-142	from Ch. 108 1/2, par. 7-142
40 ILCS 5/7-174	from Ch. 108 1/2, par. 7-174
30 ILCS 805/8.32 new	

Amends the Illinois Municipal Retirement Fund Article of the Illinois Pension Code. Changes the minimum number of years of service an employee must have to be eligible for a retirement annuity from 8 to 5. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB095 16318 AMC 42342 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 7-141, 7-142, and 7-174 as follows:

6 (40 ILCS 5/7-141) (from Ch. 108 1/2, par. 7-141)

7 Sec. 7-141. Retirement annuities - Conditions. Retirement
8 annuities shall be payable as hereinafter set forth:

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

14 1. He is at least age 55, or in the case of a person who
15 is eligible to have his annuity calculated under Section
16 7-142.1, he is at least age 50;

17 2. He is (i) an employee who was employed by any
18 participating municipality or participating
19 instrumentality which had not elected to exclude persons
20 employed in positions normally requiring performance of
21 duty for less than 1000 hours per year or was employed in a
22 position normally requiring performance of duty for 600
23 hours or more per year prior to such election by any

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

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

24 4. If he first became a participating employee after
25 December 31, 1961, he has at least 5 ~~8~~ years of service.
26 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 the
6 fund of a written application. The effective date may be
7 not more than one year prior to the date of the receipt by
8 the fund of the application;

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

12 4. To the beneficiary of the deceased annuitant for the
13 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 of
18 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 5 ~~6~~ or more years of service, an
21 annuity computed pursuant to subparagraphs a or b of this
22 subparagraph 1, whichever is the higher, and for employees
23 with less than 5 ~~6~~ years of service the annuity computed
24 pursuant to subparagraph a:

25 a. The monthly annuity which can be provided from

1 the total accumulated normal, municipality and prior
2 service credits, as of the attained age of the employee
3 on the date the annuity begins provided that such
4 annuity shall not exceed 75% of the final rate of
5 earnings of the employee.

6 b. (i) The monthly annuity amount determined as
7 follows by multiplying (a) 1 2/3% for annuitants with
8 not more than 15 years or (b) 1 2/3% for the first 15
9 years and 2% for each year in excess of 15 years for
10 annuitants with more than 15 years by the number of
11 years plus fractional years, prorated on a basis of
12 months, of creditable service and multiply the product
13 thereof by the employee's final rate of earnings.

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

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

22 (iv) For employees who have less than 35 years of
23 service, the annuity computed in accordance with this
24 subparagraph b (as reduced by application of
25 subparagraph (iii) above) shall be reduced by 0.25%
26 thereof (0.5% if service was terminated before January

1 1, 1988) for each month or fraction thereof (1) that
2 the employee's age is less than 60 years, or (2) if the
3 employee has at least 30 years of service credit, that
4 the employee's service credit is less than 35 years,
5 whichever is less, on the date the annuity begins.

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

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

20 (c) The retirement annuity shall be increased each year by
21 2%, not compounded, of the monthly amount of annuity, taking
22 into consideration any adjustment under paragraph (b) of this
23 Section. This increase shall be effective each January 1 and
24 computed from the effective date of the retirement annuity, the
25 first increase being .167% of the monthly amount times the
26 number of months from the effective date to January 1.

1 Beginning January 1, 1984 and thereafter, the retirement
2 annuity shall be increased by 3% each year, not compounded.
3 This increase shall not be applicable to annuitants who are not
4 in service on or after September 8, 1971.
5 (Source: P.A. 91-357, eff. 7-29-99.)

6 (40 ILCS 5/7-174) (from Ch. 108 1/2, par. 7-174)
7 Sec. 7-174. Board created.

8 (a) A board of 8 members shall constitute a board of
9 trustees authorized to carry out the provisions of this
10 Article. Each trustee shall be a participating employee of a
11 participating municipality or participating instrumentality or
12 an annuitant of the Fund and no person shall be eligible to
13 become a trustee after January 1, 1979 who does not have at
14 least 5 ~~8~~ years of creditable service.

15 (b) The board shall consist of representatives of various
16 groups as follows:

17 1. 4 trustees shall be a chief executive officer, chief
18 finance officer, or other officer, executive or department
19 head of a participating municipality or participating
20 instrumentality, and each such trustee shall be designated
21 as an executive trustee.

22 2. 3 trustees shall be employees of a participating
23 municipality or participating instrumentality and each
24 such trustee shall be designated as an employee trustee.

25 3. One trustee shall be an annuitant of the Fund, who

1 shall be designated the annuitant trustee.

2 (c) A person elected as a trustee shall qualify as a
3 trustee, after declaration by the board that he has been duly
4 elected, upon taking and subscribing to the constitutional oath
5 of office and filing same in the office of the Fund.

6 (d) The term of office of each trustee shall begin upon
7 January 1 of the year following the year in which he is elected
8 and shall continue for a period of 5 years and until a
9 successor has been elected and qualified, or until prior
10 resignation, death, incapacity or disqualification.

11 (e) Any elected trustee (other than the annuitant trustee)
12 shall be disqualified immediately upon termination of
13 employment with all participating municipalities and
14 instrumentalities thereof or upon any change in status which
15 removes any such trustee from all employments within the group
16 he represents. The annuitant trustee shall be disqualified upon
17 termination of his or her annuity.

18 (f) The trustees shall fill any vacancy in the board by
19 appointment, for the period until the next election of
20 trustees, or, if the remaining term is less than 2 years, for
21 the remainder of the term, and until his successor has been
22 elected and qualified.

23 (g) Trustees shall serve without compensation, but shall be
24 reimbursed for any reasonable expenses incurred in attending
25 meetings of the board and in performing duties on behalf of the
26 Fund and for the amount of any earnings withheld by any

1 employing municipality or participating instrumentality
2 because of attendance at any board meeting.

3 (h) Each trustee other than the annuitant trustee shall be
4 entitled to one vote on any and all actions before the board;
5 the annuitant trustee is not entitled to vote on any matter. At
6 least 4 concurring votes shall be necessary for every decision
7 or action by the board at any of its meetings. No decision or
8 action shall become effective unless presented and so approved
9 at a regular or duly called special meeting of the board.

10 (Source: P.A. 89-136, eff. 7-14-95.)

11 Section 90. The State Mandates Act is amended by adding
12 Section 8.32 as follows:

13 (30 ILCS 805/8.32 new)

14 Sec. 8.32. Exempt mandate. Notwithstanding Sections 6 and 8
15 of this Act, no reimbursement by the State is required for the
16 implementation of any mandate created by this amendatory Act of
17 the 95th General Assembly.

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