



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB1974

Introduced 2/7/2008, by Sen. David Koehler

SYNOPSIS AS INTRODUCED:

40 ILCS 5/4-118

from Ch. 108 1/2, par. 4-118

Amends the Downstate Firefighter Article of the Illinois Pension Code. In provisions concerning financing of funds through taxes, provides that the annual actuarial requirements of the pension fund are equal to (1) the normal cost of the pension fund, or 17.5% of the salaries and wages to be paid to firefighters for the year involved, whichever is greater, plus (2) the annual amount necessary to amortize the fund's unfunded accrued liabilities over a period of 40 years from the date it is determined to be unfunded by the Division of Insurance of the Department of Financial and Professional Regulation, by an enrolled actuary employed by the Division of Insurance, or by an enrolled actuary retained by the pension fund or the municipality (was, from July 1, 1993). Effective immediately.

LRB095 18674 AMC 44768 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT 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 Section 4-118 as follows:

6 (40 ILCS 5/4-118) (from Ch. 108 1/2, par. 4-118)
7 Sec. 4-118. Financing.

8 (a) The city council or the board of trustees of the
9 municipality shall annually levy a tax upon all the taxable
10 property of the municipality at the rate on the dollar which
11 will produce an amount which, when added to the deductions from
12 the salaries or wages of firefighters and revenues available
13 from other sources, will equal a sum sufficient to meet the
14 annual actuarial requirements of the pension fund, as
15 determined by an enrolled actuary employed by the the Division
16 of Insurance of the Department of Financial and Professional
17 Regulation ~~Illinois Department of Insurance~~ or by an enrolled
18 actuary retained by the pension fund or municipality. For the
19 purposes of this Section, the annual actuarial requirements of
20 the pension fund are equal to (1) the normal cost of the
21 pension fund, or 17.5% of the salaries and wages to be paid to
22 firefighters for the year involved, whichever is greater, plus
23 (2) the annual amount necessary to amortize the fund's unfunded

1 accrued liabilities over a period of 40 years from the date it
2 is determined to be unfunded by the Division of Insurance, July
3 1, 1993, as annually updated and determined by an enrolled
4 actuary employed by the Division of Insurance, Illinois
5 ~~Department of Insurance~~ or by an enrolled actuary retained by
6 the pension fund or the municipality. The amount to be applied
7 towards the amortization of the unfunded accrued liability in
8 any year shall not be less than the annual amount required to
9 amortize the unfunded accrued liability, including interest,
10 as a level percentage of payroll over the number of years
11 remaining in the 40 year amortization period.

12 (b) The tax shall be levied and collected in the same
13 manner as the general taxes of the municipality, and shall be
14 in addition to all other taxes now or hereafter authorized to
15 be levied upon all property within the municipality, and in
16 addition to the amount authorized to be levied for general
17 purposes, under Section 8-3-1 of the Illinois Municipal Code or
18 under Section 14 of the Fire Protection District Act. The tax
19 shall be forwarded directly to the treasurer of the board
20 within 30 business days of receipt by the county (or, in the
21 case of amounts added to the tax levy under subsection (f),
22 used by the municipality to pay the employer contributions
23 required under subsection (b-1) of Section 15-155 of this
24 Code).

25 (c) The board shall make available to the membership and
26 the general public for inspection and copying at reasonable

1 times the most recent Actuarial Valuation Balance Sheet and Tax
2 Levy Requirement issued to the fund by the Division of
3 Insurance ~~Department of Insurance~~.

4 (d) The firefighters' pension fund shall consist of the
5 following moneys which shall be set apart by the treasurer of
6 the municipality: (1) all moneys derived from the taxes levied
7 hereunder; (2) contributions by firefighters as provided under
8 Section 4-118.1; (3) all rewards in money, fees, gifts, and
9 emoluments that may be paid or given for or on account of
10 extraordinary service by the fire department or any member
11 thereof, except when allowed to be retained by competitive
12 awards; and (4) any money, real estate or personal property
13 received by the board.

14 (e) For the purposes of this Section, "enrolled actuary"
15 means an actuary: (1) who is a member of the Society of
16 Actuaries or the American Academy of Actuaries; and (2) who is
17 enrolled under Subtitle C of Title III of the Employee
18 Retirement Income Security Act of 1974, or who has been engaged
19 in providing actuarial services to one or more public
20 retirement systems for a period of at least 3 years as of July
21 1, 1983.

22 (f) The corporate authorities of a municipality that
23 employs a person who is described in subdivision (d) of Section
24 4-106 may add to the tax levy otherwise provided for in this
25 Section an amount equal to the projected cost of the employer
26 contributions required to be paid by the municipality to the

1 State Universities Retirement System under subsection (b-1) of
2 Section 15-155 of this Code.

3 (Source: P.A. 94-859, eff. 6-15-06.)

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.