



Sen. Don Harmon

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1 AMENDMENT TO HOUSE BILL 1605

2 AMENDMENT NO. _____. Amend House Bill 1605 AS AMENDED, by
3 replacing everything after the enacting clause with the
4 following:

5 "Section 5. The Illinois Pension Code is amended by
6 changing Sections 1-160, 3-106, 3-124.1, 4-106, 4-117, and
7 7-144 and by adding Sections 3-124.3, 4-117.2, and 7-144.1 as
8 follows:

9 (40 ILCS 5/1-160)

10 Sec. 1-160. Provisions applicable to new hires.

11 (a) The provisions of this Section apply to a person who,
12 on or after January 1, 2011, first becomes a member or a
13 participant under any reciprocal retirement system or pension
14 fund established under this Code, other than a retirement
15 system or pension fund established under Article 2, 3, 4, 5, 6,
16 or 18 of this Code, notwithstanding any other provision of this

1 Code to the contrary, but do not apply to any self-managed plan
2 established under this Code, to any person with respect to
3 service as a sheriff's law enforcement employee under Article
4 7, or to any participant of the retirement plan established
5 under Section 22-101.

6 (b) "Final average salary" means the average monthly (or
7 annual) salary obtained by dividing the total salary or
8 earnings calculated under the Article applicable to the member
9 or participant during the 96 consecutive months (or 8
10 consecutive years) of service within the last 120 months (or 10
11 years) of service in which the total salary or earnings
12 calculated under the applicable Article was the highest by the
13 number of months (or years) of service in that period. For the
14 purposes of a person who first becomes a member or participant
15 of any retirement system or pension fund to which this Section
16 applies on or after January 1, 2011, in this Code, "final
17 average salary" shall be substituted for the following:

18 (1) In Articles 7 (except for service as sheriff's law
19 enforcement employees) and 15, "final rate of earnings".

20 (2) In Articles 8, 9, 10, 11, and 12, "highest average
21 annual salary for any 4 consecutive years within the last
22 10 years of service immediately preceding the date of
23 withdrawal".

24 (3) In Article 13, "average final salary".

25 (4) In Article 14, "final average compensation".

26 (5) In Article 17, "average salary".

1 (6) In Section 22-207, "wages or salary received by him
2 at the date of retirement or discharge".

3 (b-5) Beginning on January 1, 2011, for all purposes under
4 this Code (including without limitation the calculation of
5 benefits and employee contributions), the annual earnings,
6 salary, or wages (based on the plan year) of a member or
7 participant to whom this Section applies shall not exceed
8 \$106,800; however, that amount shall annually thereafter be
9 increased by the lesser of (i) 3% of that amount, including all
10 previous adjustments, or (ii) one-half the annual unadjusted
11 percentage increase (but not less than zero) in the consumer
12 price index-u for the 12 months ending with the September
13 preceding each November 1, including all previous adjustments.

14 For the purposes of this Section, "consumer price index-u"
15 means the index published by the Bureau of Labor Statistics of
16 the United States Department of Labor that measures the average
17 change in prices of goods and services purchased by all urban
18 consumers, United States city average, all items, 1982-84 =
19 100. The new amount resulting from each annual adjustment shall
20 be determined by the Public Pension Division of the Department
21 of Insurance and made available to the boards of the retirement
22 systems and pension funds by November 1 of each year.

23 (c) A member or participant is entitled to a retirement
24 annuity upon written application if he or she has attained age
25 67 and has at least 10 years of service credit and is otherwise
26 eligible under the requirements of the applicable Article.

1 A member or participant who has attained age 62 and has at
2 least 10 years of service credit and is otherwise eligible
3 under the requirements of the applicable Article may elect to
4 receive the lower retirement annuity provided in subsection (d)
5 of this Section.

6 (d) The retirement annuity of a member or participant who
7 is retiring after attaining age 62 with at least 10 years of
8 service credit shall be reduced by one-half of 1% for each full
9 month that the member's age is under age 67.

10 (e) Any retirement annuity or supplemental annuity shall be
11 subject to annual increases on the January 1 occurring either
12 on or after the attainment of age 67 or the first anniversary
13 of the annuity start date, whichever is later. Each annual
14 increase shall be calculated at 3% or one-half the annual
15 unadjusted percentage increase (but not less than zero) in the
16 consumer price index-u for the 12 months ending with the
17 September preceding each November 1, whichever is less, of the
18 originally granted retirement annuity. If the annual
19 unadjusted percentage change in the consumer price index-u for
20 the 12 months ending with the September preceding each November
21 1 is zero or there is a decrease, then the annuity shall not be
22 increased.

23 (f) The initial survivor's or widow's annuity of an
24 otherwise eligible survivor or widow of a retired member or
25 participant who first became a member or participant on or
26 after January 1, 2011 shall be in the amount of 66 2/3% of the

1 retired member's or participant's retirement annuity at the
2 date of death. In the case of the death of a member or
3 participant who has not retired and who first became a member
4 or participant on or after January 1, 2011, eligibility for a
5 survivor's or widow's annuity shall be determined by the
6 applicable Article of this Code. The initial benefit shall be
7 66 2/3% of the earned annuity without a reduction due to age. A
8 child's annuity of an otherwise eligible child shall be in the
9 amount prescribed under each Article if applicable. Any
10 survivor's or widow's annuity shall be increased (1) on each
11 January 1 occurring on or after the commencement of the annuity
12 if the deceased member died while receiving a retirement
13 annuity or (2) in other cases, on each January 1 occurring
14 after the first anniversary of the commencement of the annuity.
15 Each annual increase shall be calculated at 3% or one-half the
16 annual unadjusted percentage increase (but not less than zero)
17 in the consumer price index-u for the 12 months ending with the
18 September preceding each November 1, whichever is less, of the
19 originally granted survivor's annuity. If the annual
20 unadjusted percentage change in the consumer price index-u for
21 the 12 months ending with the September preceding each November
22 1 is zero or there is a decrease, then the annuity shall not be
23 increased.

24 (g) The benefits in Section 14-110 apply only if the person
25 is a State policeman, a fire fighter in the fire protection
26 service of a department, or a security employee of the

1 Department of Corrections or the Department of Juvenile
2 Justice, as those terms are defined in subsection (b) of
3 Section 14-110. A person who meets the requirements of this
4 Section is entitled to an annuity calculated under the
5 provisions of Section 14-110, in lieu of the regular or minimum
6 retirement annuity, only if the person has withdrawn from
7 service with not less than 20 years of eligible creditable
8 service and has attained age 60, regardless of whether the
9 attainment of age 60 occurs while the person is still in
10 service.

11 (h) If a person who first becomes a member or a participant
12 of a retirement system or pension fund subject to this Section
13 on or after January 1, 2011 is receiving a retirement annuity
14 or retirement pension under that system or fund and becomes a
15 member or participant under any other system or fund created by
16 this Code and is employed on a full-time basis, except for
17 those members or participants exempted from the provisions of
18 this Section under subsection (a) of this Section, then the
19 person's retirement annuity or retirement pension under that
20 system or fund shall be suspended during that employment. Upon
21 termination of that employment, the person's retirement
22 annuity or retirement pension payments shall resume and be
23 recalculated if recalculation is provided for under the
24 applicable Article of this Code.

25 If a person who first becomes a member of a retirement
26 system or pension fund subject to this Section on or after

1 January 1, 2012 and is receiving a retirement annuity or
2 retirement pension under that system or fund and accepts on a
3 contractual basis a position to provide services to a
4 governmental entity from which he or she has retired, then that
5 person's annuity or retirement pension earned as an active
6 employee of the employer shall be suspended during that
7 contractual service. A person receiving an annuity or
8 retirement pension under this Code shall notify the pension
9 fund or retirement system from which he or she is receiving an
10 annuity or retirement pension, as well as his or her
11 contractual employer, of his or her retirement status before
12 accepting contractual employment. A person who fails to submit
13 such notification shall be guilty of a Class A misdemeanor and
14 required to pay a fine of \$1,000. Upon termination of that
15 contractual employment, the person's retirement annuity or
16 retirement pension payments shall resume and, if appropriate,
17 be recalculated under the applicable provisions of this Code.

18 This subsection (h) shall not affect any person receiving a
19 retirement annuity under the fund created by Article 7 of this
20 Code who accepts a position described in Section 7-144.1 of
21 this Code.

22 (i) Notwithstanding any other provision of this Section, a
23 person who first becomes a participant of the retirement system
24 established under Article 15 on or after January 1, 2011 shall
25 have the option to enroll in the self-managed plan created
26 under Section 15-158.2 of this Code.

1 (j) In the case of a conflict between the provisions of
2 this Section and any other provision of this Code, the
3 provisions of this Section shall control.

4 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11;
5 97-609, eff. 1-1-12.)

6 (40 ILCS 5/3-106) (from Ch. 108 1/2, par. 3-106)

7 Sec. 3-106. Police officer, officer. "Police officer" or
8 "officer": Any person who (1) is appointed to the police force
9 of a police department and sworn and commissioned to perform
10 police duties; and (2) within 3 months after receiving his or
11 her first appointment and, if reappointed, within 3 months
12 thereafter, or as otherwise provided in Section 3-109, makes
13 written application to the board to come under the provisions
14 of this Article.

15 Police officers serving initial probationary periods, if
16 otherwise eligible, shall be police officers within the meaning
17 of this Section.

18 Any person employed as the chief of police, deputy chief of
19 police, superintendent of a police department or deputy
20 superintendent of a police department shall be a police officer
21 within the meaning of this Section.

22
23 (Source: P.A. 89-52, eff. 6-30-95.)

24 (40 ILCS 5/3-124.1) (from Ch. 108 1/2, par. 3-124.1)

1 Sec. 3-124.1. Re-entry into active service.

2 (a) If a police officer who is receiving pension payments
3 other than as provided in Section 3-109.3 or Section 3-124.3
4 re-enters active service, pension payment shall be suspended
5 while he or she is in service. When he or she again retires,
6 pension payments shall be resumed. If the police officer
7 remains in service after re-entry for a period of less than 5
8 years, the pension shall be the same as upon first retirement.
9 If the officer's service after re-entry is at least 5 years and
10 the officer makes the required contributions during the period
11 of re-entry, his or her pension shall be recomputed by taking
12 into account the additional period of service and salary.

13 (b) A retired police officer who accepts temporary
14 employment for a period not exceeding 75 working days in any
15 calendar year is not considered to make a re-entry into active
16 service within the meaning of this Section. Any part of a day
17 on temporary employment is considered a full day of employment.
18 Employee contributions under Section 3-125.1 shall not be
19 deducted nor shall creditable service time be granted during
20 the period of temporary employment.

21 (Source: P.A. 91-939, eff. 2-1-01.)

22 (40 ILCS 5/3-124.3 new)

23 Sec. 3-124.3. Pension payments during contractual return
24 to active service.

25 (a) Notwithstanding any other provisions of this Code, if a

1 police officer receiving pension payments accepts on a
2 contractual basis a position to provide services to a
3 municipality from which he or she has retired, then that police
4 officer shall continue to receive the pension payments earned
5 during active service, provided:

6 (1) he or she is at least age 55 and has at least 30
7 years of service;

8 (2) his or her annual salary during the period of
9 contractual service is not more than 50% of his or her
10 salary from the last 12 months preceding retirement; and

11 (3) his or her salary did not increase by more than 10%
12 per year during the 2 years preceding retirement.

13 (b) The municipality shall pay to the pension fund an
14 amount equal to 14% of the annual salary of the police officer
15 during each calendar year, or portion thereof, that he or she
16 is performing contractual service as described in subsection
17 (a).

18 (c) Except as set forth in subsection (b) of this Section,
19 no employer contribution shall be required from a municipality
20 for any police officer providing contractual service as
21 described in subsection (a) of this Section. No contribution
22 shall be required pursuant to Section 3-125.1 from any police
23 officer performing contractual service as described in
24 subsection (a) of this Section.

25 (d) The period of contractual service described in
26 subsection (a) of this Section shall not provide a basis for

1 the recomputation of the police officer's pension.

2 (40 ILCS 5/4-106) (from Ch. 108 1/2, par. 4-106)

3 Sec. 4-106. Firefighter, firefighters. "Firefighter,
4 firefighters":

5 (a) In municipalities which have adopted Division 1 of
6 Article 10 of the Illinois Municipal Code, any person employed
7 in the municipality's fire service as a firefighter, fire
8 engineer, marine engineer, fire pilot, bomb technician or scuba
9 diver; and in any of these positions where such person's duties
10 also include those of a firefighter as classified by the Civil
11 Service Commission of that city, and whose duty is to
12 participate in the work of controlling and extinguishing fires
13 at the location of any such fires.

14 (b) In municipalities which are subject to Division 2.1 of
15 Article 10 of the Illinois Municipal Code, any person employed
16 by a city in its fire service as a firefighter, fire engineer,
17 marine engineer, fire pilot, bomb technician, or scuba diver;
18 and, in any of these positions whose duties also include those
19 of a firefighter and are certified in the same manner as a
20 firefighter in that city.

21 (c) In municipalities which are subject to neither Division
22 1 nor Division 2.1 of Article 10 of the Illinois Municipal
23 Code, any person who would have been included as a firefighter
24 under sub-paragraph (a) or (b) above except that he served as a
25 de facto and not as a de jure firefighter.

1 (d) Notwithstanding the other provisions of this Section,
2 "firefighter" does not include any person who is actively
3 participating in the State Universities Retirement System
4 under subsection (h) of Section 15-107 with respect to the
5 employment for which he or she is a participating employee in
6 that System.

7 (e) This amendatory Act of 1977 does not affect persons
8 covered by this Article prior to September 22, 1977.

9 (f) Any person employed by a municipality as the chief,
10 deputy chief, superintendent, deputy superintendent, fire
11 marshal or assistant fire marshal of the fire department shall
12 be a firefighter within the meaning of this Section.

13 (Source: P.A. 90-576, eff. 3-31-98.)

14 (40 ILCS 5/4-117) (from Ch. 108 1/2, par. 4-117)

15 Sec. 4-117. Reentry into active service.

16 (a) Except as set forth in Section 4-117.2, if ~~if~~ a
17 firefighter receiving pension payments reenters active
18 service, pension payments shall be suspended while he or she is
19 in service. If the firefighter again retires or is discharged,
20 his or her monthly pension shall be resumed in the same amount
21 as was paid upon first retirement or discharge unless he or she
22 remained in active service 3 or more years after re-entry in
23 which case the monthly pension shall be based on the salary
24 attached to the firefighter's rank at the date of last
25 retirement.

1 (b) If a deferred pensioner re-enters active service, and
2 again retires or is discharged from the fire service, his or
3 her pension shall be based on the salary attached to the rank
4 held in the fire service at the date of earlier retirement,
5 unless the firefighter remains in active service for 3 or more
6 years after re-entry, in which case the monthly pension shall
7 be based on the salary attached to the firefighter's rank at
8 the date of last retirement.

9 (c) If a pensioner or deferred pensioner re-enters or is
10 recalled to active service and is thereafter injured, and the
11 injury is not related to an injury for which he or she was
12 previously receiving a disability pension, the 3 year service
13 requirement shall not apply in order for the firefighter to
14 qualify for the increased pension based on the rate of pay at
15 the time of the new injury.

16 (d) A retired firefighter who accepts temporary employment
17 for a period not exceeding 75 working days in any calendar year
18 is not considered to make a re-entry into active service within
19 the meaning of this Section. Any part of a day on temporary
20 employment is considered a full day of employment. Employee
21 contributions under Section 4-118.1 shall not be deducted nor
22 shall creditable service time be granted during the period of
23 temporary employment.

24 (Source: P.A. 83-1440.)

25 (40 ILCS 5/4-117.2 new)

1 Sec. 4-117.2. Pension payments during contractual return
2 to active service.

3 (a) Notwithstanding any other provisions of this Code, if a
4 firefighter receiving pension payments accepts on a
5 contractual basis a position to provide services to a
6 municipality from which he or she has retired, then that
7 firefighter shall continue to receive the pension payments
8 earned during active service, provided:

9 (1) he or she is at least age 55 and has at least 30
10 years of service;

11 (2) his or her annual salary during the period of
12 contractual service is not more than 50% of his or her
13 salary from the last 12 months preceding retirement; and

14 (3) his or her salary did not increase by more than 10%
15 per year during the 2 years preceding retirement.

16 (b) The municipality shall pay to the pension fund an
17 amount equal to 14% of the annual salary of the firefighter
18 during each calendar year, or portion thereof, that he or she
19 is performing contractual service as described in subsection
20 (a).

21 (c) Except as set forth in subsection (b) of this Section,
22 no employer contribution shall be required from a municipality
23 for any firefighter providing contractual service as described
24 in subsection (a) of this Section. No contribution shall be
25 required pursuant to Section 4-118.1 from any firefighter
26 performing contractual service as described in subsection (a)

1 of this Section

2 (d) The period of contractual service described in
3 subsection (a) of this Section shall not provide a basis for
4 the recomputation of the firefighter's pension.

5 (40 ILCS 5/7-144) (from Ch. 108 1/2, par. 7-144)

6 Sec. 7-144. Retirement annuities-Suspended during
7 employment.

8 (a) Except as set forth in Section 7-144.1, if ~~if~~ any
9 person receiving any annuity again becomes an employee and
10 receives earnings from employment in a position requiring him,
11 or entitling him to elect, to become a participating employee,
12 then the annuity payable to such employee shall be suspended as
13 of the 1st day of the month coincidental with or next following
14 the date upon which such person becomes such an employee. Upon
15 proper qualification of the participating employee payment of
16 such annuity may be resumed on the 1st day of the month
17 following such qualification and upon proper application
18 therefor. The participating employee in such case shall be
19 entitled to a supplemental annuity arising from service and
20 credits earned subsequent to such re-entry as a participating
21 employee.

22 (b) Supplemental annuities to persons who return to service
23 for less than 48 months shall be computed under the provisions
24 of Sections 7-141, 7-142 and 7-143. In determining whether an
25 employee is eligible for an annuity which requires a minimum

1 period of service, his entire period of service shall be taken
2 into consideration but the supplemental annuity shall be based
3 on earnings and service in the supplemental period only. The
4 effective date of the suspended and supplemental annuity for
5 the purpose of increases after retirement shall be considered
6 to be the effective date of the suspended annuity.

7 (c) Supplemental annuities to persons who return to service
8 for 48 months or more shall be a monthly amount determined as
9 follows:

10 (1) An amount shall be computed under subparagraph b of
11 paragraph (1) of subsection (a) of Section 7-142,
12 considering all of the service credits of the employee;

13 (2) The actuarial value in monthly payments for life of
14 the annuity payments made before suspension shall be
15 determined and subtracted from the amount determined in (1)
16 above;

17 (3) The monthly amount of the suspended annuity, with
18 any applicable increases after retirement computed from
19 the effective date to the date of reinstatement, shall be
20 subtracted from the amount determined in (2) above and the
21 remainder shall be the amount of the supplemental annuity
22 provided that this amount shall not be less than the amount
23 computed under subsection (b) of this Section.

24 (4) The suspended annuity shall be reinstated at an
25 amount including any increases after retirement from the
26 effective date to date of reinstatement.

1 (5) The effective date of the combined suspended and
2 supplemental annuities for the purposes of increases after
3 retirement shall be considered to be the effective date of
4 the supplemental annuity.

5 (Source: P.A. 97-328, eff. 8-12-11; 97-609, eff. 1-1-12.)

6 (40 ILCS 5/7-144.1 new)

7 Sec. 7-144.1. Retirement annuities - Payable during
8 contractual return to service.

9 (a) Notwithstanding any other provisions of this Code, if
10 any person receiving a retirement annuity accepts on a
11 contractual basis a position to provide services to a
12 participating municipality or participating instrumentality
13 from which he or she has retired, then that person shall
14 continue to receive the retirement annuity earned as an active
15 employee, provided:

16 (1) he or she is at least age 55 and has at least 30
17 years of service;

18 (2) his or her annual earnings during the period of
19 contractual service are not more than 50% of his or her
20 earnings from the last 12 months preceding separation from
21 service of all participating municipalities and
22 instrumentalities thereof and participating
23 instrumentalities; and

24 (3) his or her earnings did not increase by more than
25 10% per year during the 2 years preceding separation from

1 service of all participating municipalities and
2 instrumentalities thereof and participating
3 instrumentalities.

4 (b) The participating municipality or participating
5 instrumentality shall pay to the Fund an amount equal to 14% of
6 the annual earnings of the person during each calendar year, or
7 portion thereof, that he or she is performing contractual
8 service as described in subsection (a).

9 (c) No contribution shall be required from a participating
10 municipality or participating instrumentality pursuant to
11 Section 7-172 for any person performing contractual service as
12 described in subsection (a) of this Section. No contribution
13 shall be required pursuant to Section 7-173 from any person
14 performing contractual service as described in subsection (a)
15 of this Section.

16 (d) No person shall be eligible for a supplemental annuity
17 based on a period of contractual service described in
18 subsection (a) of this Section."