



Rep. Tom Cross

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LRB097 13613 AMC 59150 a

1 AMENDMENT TO HOUSE BILL 3813

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 3813, 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 1-114, 1-135, 8-226, 11-215, 17-134, and  
7 17-134.1 and by adding 3-110.12, 3-110.13, 3-110.14, 4-108.7,  
8 4-108.8, 4-108.9, 5-212.1, 5-212.2, 5-212.3, 6-209.2, 6-209.3,  
9 6-209.4, 8-117.1, 8-226.8, 11-116.1, 11-215.2, 15-113.12,  
10 15-113.13, 15-113.14, 16-110.1, 16-110.2, 16-110.3, 17-109.3,  
11 and 17-134.2 as follows:

12 (40 ILCS 5/1-114) (from Ch. 108 1/2, par. 1-114)

13 Sec. 1-114. Liability for Breach of Fiduciary Duty. (a) Any  
14 person who is a fiduciary with respect to a retirement system  
15 or pension fund established under this Code who breaches any  
16 duty imposed upon fiduciaries by this Code, including, but not

1 limited to, a failure to report a reasonable suspicion of a  
2 false statement specified in Section 1-135 of this Code, shall  
3 be personally liable to make good to such retirement system or  
4 pension fund any losses to it resulting from each such breach,  
5 and to restore to such retirement system or pension fund any  
6 profits of such fiduciary which have been made through use of  
7 assets of the retirement system or pension fund by the  
8 fiduciary, and shall be subject to such equitable or remedial  
9 relief as the court may deem appropriate, including the removal  
10 of such fiduciary.

11 (b) No person shall be liable with respect to a breach of  
12 fiduciary duty under this Code if such breach occurred before  
13 such person became a fiduciary or after such person ceased to  
14 be a fiduciary.

15 (Source: P.A. 82-960.)

16 (40 ILCS 5/1-135)

17 Sec. 1-135. Fraud. Any person who knowingly makes any false  
18 statement or falsifies or permits to be falsified any record of  
19 a retirement system or pension fund created under this Code or  
20 the Illinois State Board of Investment in an attempt to defraud  
21 the retirement system or pension fund created under this Code  
22 or the Illinois State Board of Investment is guilty of a Class  
23 3 felony. Any reasonable suspicion by any appointed or elected  
24 commissioner, trustee, director, board member, or employee of a  
25 retirement system or pension fund created under this Code or

1 the State Board of Investment of a false statement or falsified  
2 record being submitted or permitted by a person under this Code  
3 shall be immediately referred to the board of trustees of a  
4 retirement system or pension fund created under this Code or  
5 the State Board of Investment or the State's Attorney of the  
6 jurisdiction where the alleged fraudulent activity occurred.  
7 The board of trustees of a retirement system or pension fund  
8 created under this Code or the State Board of Investment shall  
9 immediately notify the State's Attorney of the jurisdiction  
10 where any alleged fraudulent activity occurred for  
11 investigation.

12 (Source: P.A. 96-6, eff. 4-3-09.)

13 (40 ILCS 5/3-110.12 new)

14 Sec. 3-110.12. Leaves of absence. For any leave of absence  
15 that is covered under subsection (c) of Section 3-110 and that  
16 is granted after the effective date of this amendatory Act of  
17 the 97th General Assembly, any pension credit earned in this  
18 Article shall be based on the participant's salary immediately  
19 before the leave of absence. The participant must contribute an  
20 amount equal to the actuarially determined normal cost of the  
21 benefit as calculated by the fund. The employer of the  
22 participant may elect to contribute all or a portion of the  
23 participant's required contribution.

24 (40 ILCS 5/3-110.13 new)

1       Sec. 3-110.13. Leave of absence benefit recalculation.  
2       Every 3 years, beginning on or as soon as practical after the  
3       effective date of this amendatory Act of the 97th General  
4       Assembly, each fund shall determine if any benefit earned by a  
5       participant who first earns credit on or after the effective  
6       date of this Section as a result of subsection (c) of Section  
7       3-110 has created any additional unfunded liability to the  
8       fund. If it is determined by the fund that additional unfunded  
9       liability has been created, then the participant must remit the  
10       total cost to the fund, as determined by the fund, within one  
11       year.

12           (40 ILCS 5/3-110.14 new)

13       Sec. 3-110.14. Leaves of absence; computation of salary.  
14       For any participant who, on or after the effective date of this  
15       amendatory Act of the 97th General Assembly, takes a leave of  
16       absence covered by subsection (c) of Section 3-110, his or her  
17       average salary shall be based upon the regular salary rate  
18       received by the participant for his or her municipal employment  
19       immediately prior to that leave of absence.

20           (40 ILCS 5/4-108.7 new)

21       Sec. 4-108.7. Leaves of absence. For any leave of absence  
22       that is covered under subdivision (c)(3) of Section 4-108 and  
23       that is granted after the effective date of this amendatory Act  
24       of the 97th General Assembly, any pension credit earned in this

1 Article shall be based on the participant's salary immediately  
2 before the leave of absence. The participant must contribute an  
3 amount equal to the actuarially determined normal cost of the  
4 benefit as calculated by the fund. The employer of the  
5 participant may elect to contribute all or a portion of the  
6 participant's required contribution.

7 (40 ILCS 5/4-108.8 new)

8 Sec. 4-108.8. Leave of absence benefit recalculation.  
9 Every 3 years, beginning on or as soon as practical after the  
10 effective date of this amendatory Act of the 97th General  
11 Assembly, each fund shall determine if any benefit earned by a  
12 participant who first earns credit on or after the effective  
13 date of this Section as a result of subdivision (c)(3) of  
14 Section 4-108 has created any additional unfunded liability to  
15 the fund. If it is determined by the fund that additional  
16 unfunded liability has been created, then the participant must  
17 remit the total cost to the fund, as determined by the fund,  
18 within one year.

19 (40 ILCS 5/4-108.9 new)

20 Sec. 4-108.9. Leaves of absence; computation of salary. For  
21 any participant who, on or after the effective date of this  
22 amendatory Act of the 97th General Assembly, takes a leave of  
23 absence covered by subdivision (c)(3) of Section 4-108, his or  
24 her average salary shall be based upon the regular salary rate

1 received by the participant for his or her municipal employment  
2 immediately prior to that leave of absence.

3 (40 ILCS 5/5-212.1 new)

4 Sec. 5-212.1. Pension credit earned for other service. Any  
5 credit for other service that is covered under subdivision (b)  
6 of Section 5-214 and that is granted after the effective date  
7 of this amendatory Act of the 97th General Assembly shall be  
8 based on the participant's salary immediately before engaging  
9 in the type of employment specified in that provision. The  
10 participant must contribute an amount equal to the actuarially  
11 determined normal cost of the benefit as calculated by the  
12 fund. The employer of the participant may elect to contribute  
13 all or a portion of the participant's required contribution.

14 (40 ILCS 5/5-212.2 new)

15 Sec. 5-212.2. Credit for other service; recalculation.  
16 Every 3 years, beginning on or as soon as practical after the  
17 effective date of this amendatory Act of the 97th General  
18 Assembly, the fund shall determine if any benefit earned by a  
19 participant who first earns credit on or after the effective  
20 date of this Section as a result of subdivision (b) of Section  
21 5-214 has created any additional unfunded liability to the  
22 fund. If it is determined by the fund that additional unfunded  
23 liability has been created, then the participant must remit the  
24 total cost to the fund, as determined by the fund, within one

1 year.

2 (40 ILCS 5/5-212.3 new)

3 Sec. 5-212.3. Salary for credit earned for other service.

4 For any participant who, on or after the effective date of this  
5 amendatory Act of the 97th General Assembly, earns credit under  
6 subdivision (b) of Section 5-214, his or her average salary  
7 shall be based upon the regular salary rate received by the  
8 participant for his or her municipal employment immediately  
9 prior to that engaging in the type of employment specified in  
10 that provision.

11 (40 ILCS 5/6-209.2 new)

12 Sec. 6-209.2. Pension credit earned for other service. Any  
13 credit earned under item (f) of the second paragraph of Section  
14 6-209 and that is granted after the effective date of this  
15 amendatory Act of the 97th General Assembly shall be based on  
16 the participant's salary immediately before engaging in the  
17 type of employment specified in that provision. The participant  
18 must contribute an amount equal to the actuarially determined  
19 normal cost of the benefit as calculated by the fund. The  
20 employer of the participant may elect to contribute all or a  
21 portion of the participant's required contribution.

22 (40 ILCS 5/6-209.3 new)

23 Sec. 6-209.3. Credit for other service; recalculation.

1 Every 3 years, beginning on or as soon as practical after the  
2 effective date of this amendatory Act of the 97th General  
3 Assembly, the fund shall determine if any benefit earned by a  
4 participant who first earns credit on or after the effective  
5 date of this Section as a result of item (f) of the second  
6 paragraph of Section 6-209 has created any additional unfunded  
7 liability to the fund. If it is determined by the fund that  
8 additional unfunded liability has been created, then the  
9 participant must remit the total cost to the fund, as  
10 determined by the fund, within one year.

11 (40 ILCS 5/6-209.4 new)

12 Sec. 6-209.4. Salary for credit earned for other service.  
13 For any participant who, on or after the effective date of this  
14 amendatory Act of the 97th General Assembly, has earned credit  
15 under item (f) of the second paragraph of Section 6-209, his or  
16 her average salary shall be based upon the regular salary rate  
17 received by the participant for his or her municipal employment  
18 immediately prior to that leave of absence.

19 (40 ILCS 5/8-117.1 new)

20 Sec. 8-117.1. Leaves of absence; computation of salary. For  
21 any participant who, on or after the effective date of this  
22 amendatory Act of the 97th General Assembly, takes a leave of  
23 absence under subdivision (c) of Section 8-226, his or her  
24 highest average annual salary shall be based upon the regular



1 salary rate received by the participant for his or her  
2 municipal employment immediately prior to that leave of  
3 absence.

4 (40 ILCS 5/8-226) (from Ch. 108 1/2, par. 8-226)

5 Sec. 8-226. Computation of service. In computing the term  
6 of service of an employee prior to the effective date, the  
7 entire period beginning on the date he was first appointed and  
8 ending on the day before the effective date, except any  
9 intervening period during which he was separated by withdrawal  
10 from service, shall be counted for all purposes of this  
11 Article, except that for any employee who was not in service on  
12 the day before the effective date, service rendered prior to  
13 such date shall not be considered for the purposes of Section  
14 8-138.

15 For a person employed by an employer for whom this Article  
16 was in effect prior to January 1, 1950, from whose salary  
17 deductions are first made under this Article after December 31,  
18 1949, any period of service rendered prior to the effective  
19 date, unless he was in service on the day before the effective  
20 date, shall not be counted as service.

21 The time a person was an employee of any territory annexed  
22 to the city prior to the effective date shall be counted as a  
23 period of service.

24 In computing the term of service of any employee subsequent  
25 to the day before the effective date, the following periods

1 shall be counted as periods of service for age and service,  
2 widow's and child's annuity purposes:

3 (a) The time during which he performed the duties of  
4 his position;

5 (b) Vacations, leaves of absence with whole or part  
6 pay, and leaves of absence without pay not longer than 90  
7 days;

8 (c) Leaves of absence without pay during which a  
9 participant is employed full-time by a local labor  
10 organization that represents municipal employees, provided  
11 that (1) the participant continues to make employee  
12 contributions to the Fund as though he were an active  
13 employee, based on the regular salary rate received by the  
14 participant for his municipal employment immediately prior  
15 to such leave of absence (and in the case of such  
16 employment prior to December 9, 1987, pays to the Fund an  
17 amount equal to the employee contributions for such  
18 employment plus regular interest thereon as calculated by  
19 the board), and based on his current salary with such labor  
20 organization after the effective date of this amendatory  
21 Act of 1991 for leaves of absence before the effective date  
22 of this amendatory Act of the 97th General Assembly, and,  
23 for leaves of absence after the effective date of this  
24 amendatory Act of the 97th General Assembly, based on the  
25 regular salary rate received by the participant for his  
26 municipal employment immediately prior to such leave of

1        absence, (2) after January 1, 1989 the participant, or the  
2        labor organization on the participant's behalf, makes  
3        contributions to the Fund as though it were the employer,  
4        in the same amount and same manner as specified under this  
5        Article, based on the regular salary rate received by the  
6        participant for his municipal employment immediately prior  
7        to such leave of absence, and based on his current salary  
8        with such labor organization after the effective date of  
9        this amendatory Act of 1991 for leaves of absence before  
10       the effective date of this amendatory Act of the 97th  
11       General Assembly, and, for leaves of absence after the  
12       effective date of this amendatory Act of the 97th General  
13       Assembly, based on the regular salary rate received by the  
14       participant for his municipal employment immediately prior  
15       to such leave of absence, and (3) the participant does not  
16       receive credit in any pension plan established by the ~~local~~  
17       labor organization based on his employment by the  
18       organization, including, but not limited to, pension plans  
19       established by the local labor organization, the national  
20       labor organization, or the international labor  
21       organization;

22        (d) Any period of disability for which he received (i)  
23        a disability benefit under this Article, or (ii) a  
24        temporary total disability benefit under the Workers'  
25        Compensation Act if the disability results from a condition  
26        commonly termed heart attack or stroke or any other

1 condition falling within the broad field of coronary  
2 involvement or heart disease, or (iii) whole or part pay;

3 (e) Any period for which contributions and service  
4 credit have been transferred to this Fund under subsection  
5 (d) of Section 9-121.1 or subsection (d) of Section  
6 12-127.1 of this Code.

7 For a person employed by an employer in which the 1921 Act  
8 was in effect prior to January 1, 1950, from whose salary  
9 deductions are first made under the 1921 Act or this Article  
10 after December 31, 1949, any period of service rendered  
11 subsequent to the effective date and prior to the date he  
12 became an employee and contributor, shall not be counted as a  
13 period of service under this Article, except such period for  
14 which he made payment as provided in Section 8-230 of this  
15 Article, in which case such period shall be counted as a period  
16 of service for all annuity purposes hereunder.

17 In computing the term of service of an employee subsequent  
18 to the day before the effective date for ordinary disability  
19 benefit purposes, all periods described in the preceding  
20 paragraph, except any such period for which he receives  
21 ordinary disability benefit, shall be counted as periods of  
22 service; provided, that for any person employed by an employer  
23 in which this Article was in effect prior to January 1, 1950,  
24 from whose salary deductions are first made under this Article  
25 after December 31, 1949, any period of service rendered  
26 subsequent to the effective date and prior to the date he

1 became an employee and contributor, shall not be counted as a  
2 period of service for ordinary disability benefit purposes,  
3 unless the person made payment for the period as provided in  
4 Section 8-230 of this Article, in which case the period shall  
5 be counted as a period of service for ordinary disability  
6 purposes for periods of disability on or after the effective  
7 date of this amendatory Act of 1997.

8 Overtime or extra service shall not be included in  
9 computing any term of service. Not more than 1 year of service  
10 shall be allowed for service rendered during any calendar year.  
11 (Source: P.A. 90-511, eff. 8-22-97.)

12 (40 ILCS 5/8-226.8 new)

13 Sec. 8-226.8. Leave of absence benefit recalculation.  
14 Every 3 years, beginning on or as soon as practical after the  
15 effective date of this amendatory Act of the 97th General  
16 Assembly, the fund shall determine if any benefit earned by a  
17 participant who first earns credit on or after the effective  
18 date of this Section as a result of subdivision (c) of Section  
19 8-226 has created any additional unfunded liability to the  
20 fund. If it is determined by the fund that additional unfunded  
21 liability has been created, then the participant must remit the  
22 total cost to the fund, as determined by the fund, within one  
23 year.

24 (40 ILCS 5/11-116.1 new)

1       Sec. 11-116.1. Leaves of absence; computation of salary.  
2       For any participant who, on or after the effective date of this  
3       amendatory Act of the 97th General Assembly, takes a leave of  
4       absence under paragraph (3) of subsection (c) of Section  
5       11-215, his or her highest average annual salary shall be based  
6       upon the regular salary rate received by the participant for  
7       his or her municipal employment immediately prior to that leave  
8       of absence.

9           (40 ILCS 5/11-215) (from Ch. 108 1/2, par. 11-215)

10          Sec. 11-215. Computation of service.

11          (a) In computing the term of service of an employee prior  
12          to the effective date, the entire period beginning on the date  
13          he was first appointed and ending on the day before the  
14          effective date, except any intervening period during which he  
15          was separated by withdrawal from service, shall be counted for  
16          all purposes of this Article. Only the first year of each  
17          period of lay-off or leave of absence without pay, continuing  
18          or extending for a period in excess of one year, shall be  
19          counted as such service.

20          (b) For a person employed by an employer for whom this  
21          Article was in effect prior to August 1, 1949, from whose  
22          salary deductions are first made under this Article after July  
23          31, 1949, any period of service rendered prior to the effective  
24          date, unless he was in service on the day before the effective  
25          date, shall not be counted as service.

1 (c) In computing the term of service of an employee  
2 subsequent to the day before the effective date, the following  
3 periods of time shall be counted as periods of service for  
4 annuity purposes:

5 (1) the time during which he performed the duties of  
6 his position;

7 (2) leaves of absence with whole or part pay, and  
8 leaves of absence without pay not longer than 90 days;

9 (3) leaves of absence without pay during which a  
10 participant is employed full-time by a local labor  
11 organization that represents municipal employees, provided  
12 that (A) the participant continues to make employee  
13 contributions to the Fund as though he were an active  
14 employee, based on the regular salary rate received by the  
15 participant for his municipal employment immediately prior  
16 to such leave of absence (and in the case of such  
17 employment prior to December 9, 1987, pays to the Fund an  
18 amount equal to the employee contributions for such  
19 employment plus regular interest thereon as calculated by  
20 the board), and based on his current salary with such labor  
21 organization after the effective date of this amendatory  
22 Act of 1991 for leaves of absence before the effective date  
23 of this amendatory Act of the 97th General Assembly, and,  
24 for leaves of absence after the effective date of this  
25 amendatory Act of the 97th General Assembly, based on the  
26 regular salary rate received by the participant for his

1       municipal employment immediately prior to such leave of  
2       absence, (B) after January 1, 1989 the participant, or the  
3       labor organization on the participant's behalf, makes  
4       contributions to the Fund as though it were the employer,  
5       in the same amount and same manner as specified under this  
6       Article, based on the regular salary rate received by the  
7       participant for his municipal employment immediately prior  
8       to such leave of absence, and based on his current salary  
9       with such labor organization after the effective date of  
10      this amendatory Act of 1991 and for leaves of absence  
11      before the effective date of this amendatory Act of the  
12      97th General Assembly, and, for leaves of absence after the  
13      effective date of this amendatory Act of the 97th General  
14      Assembly, based on the regular salary rate received by the  
15      participant for his municipal employment immediately prior  
16      to such leave of absence, and (C) the participant does not  
17      receive credit in any pension plan established by the ~~local~~  
18      labor organization based on his employment by the  
19      organization, including, but not limited to, pension plans  
20      established by the local labor organization, the national  
21      labor organization, or the international labor  
22      organization;

23           (4) any period of disability for which he received (i)  
24      a disability benefit under this Article, or (ii) a  
25      temporary total disability benefit under the Workers'  
26      Compensation Act if the disability results from a condition



1 commonly termed heart attack or stroke or any other  
2 condition falling within the broad field of coronary  
3 involvement or heart disease, or (iii) whole or part pay.

4 (d) For a person employed by an employer, or the retirement  
5 board, in which "The 1935 Act" was in effect prior to August 1,  
6 1949, from whose salary deductions are first made under "The  
7 1935 Act" or this Article after July 31, 1949, any period of  
8 service rendered subsequent to the effective date and prior to  
9 August 1, 1949, shall not be counted as a period of service  
10 under this Article, except such period for which he made  
11 payment, as provided in Section 11-221 of this Article, in  
12 which case such period shall be counted as a period of service  
13 for all annuity purposes hereunder.

14 (e) In computing the term of service of an employee  
15 subsequent to the day before the effective date for ordinary  
16 disability benefit purposes, the following periods of time  
17 shall be counted as periods of service:

18 (1) any period during which he performed the duties of  
19 his position;

20 (2) leaves of absence with whole or part pay;

21 (3) any period of disability for which he received (i)  
22 a duty disability benefit under this Article, or (ii) a  
23 temporary total disability benefit under the Workers'  
24 Compensation Act if the disability results from a condition  
25 commonly termed heart attack or stroke or any other  
26 condition falling within the broad field of coronary

1 involvement or heart disease, or (iii) whole or part pay.

2 However, any period of service rendered by an employee  
3 contributor prior to the date he became a contributor to the  
4 fund shall not be counted as a period of service for ordinary  
5 disability purposes, unless the person made payment for the  
6 period as provided in Section 11-221 of this Article, in which  
7 case the period shall be counted as a period of service for  
8 ordinary disability purposes for periods of disability on or  
9 after the effective date of this amendatory Act of 1997.

10 Overtime or extra service shall not be included in  
11 computing any term of service. Not more than 1 year of service  
12 shall be allowed for service rendered during any calendar year.  
13 (Source: P.A. 90-511, eff. 8-22-97.)

14 (40 ILCS 5/11-215.2 new)

15 Sec. 11-215.2. Leave of absence benefit recalculation.  
16 Every 3 years, beginning on or as soon as practical after the  
17 effective date of this amendatory Act of the 97th General  
18 Assembly, the fund shall determine if any benefit earned by a  
19 participant who first earns credit on or after the effective  
20 date of this Section as a result of subdivision (c)(3) of  
21 Section 11-215 has created any additional unfunded liability to  
22 the fund. If it is determined by the fund that additional  
23 unfunded liability has been created, then the participant must  
24 remit the total cost to the fund, as determined by the fund,  
25 within one year.

1 (40 ILCS 5/15-113.12 new)

2 Sec. 15-113.12. Pension credit earned for employment with a  
3 teacher organization. Any credit earned under subsection (i) of  
4 Section 15-107 and that is granted after the effective date of  
5 this amendatory Act of the 97th General Assembly shall be based  
6 on the participant's salary immediately before engaging in the  
7 type of employment specified in that provision. The participant  
8 must contribute an amount equal to the actuarially determined  
9 normal cost of the benefit as calculated by the System. The  
10 employer of the participant may elect to contribute all or a  
11 portion of the participant's required contribution.

12 (40 ILCS 5/15-113.13 new)

13 Sec. 15-113.13. Credit recalculation. Every 3 years,  
14 beginning on or as soon as practical after the effective date  
15 of this amendatory Act of the 97th General Assembly, the System  
16 shall determine if any benefit earned by a participant who  
17 first becomes a participant on or after the effective date of  
18 this Section as a result of subsection (i) of Section 15-107  
19 has created any additional unfunded liability to the System. If  
20 it is determined by the System that additional unfunded  
21 liability has been created, then the participant must remit the  
22 total cost to the System, as determined by the System, within  
23 one year.

1 (40 ILCS 5/15-113.14 new)

2 Sec. 15-113.14. Salary for credit earned for service to a  
3 teacher organization. For any participant who, on or after the  
4 effective date of this amendatory Act of the 97th General  
5 Assembly, earned credit under subsection (i) of Section 15-107,  
6 his or her average salary shall be based upon the regular  
7 salary rate received by the participant for his or her  
8 employment immediately prior to engaging in the type of  
9 employment specified in that provision.

10 (40 ILCS 5/16-110.1 new)

11 Sec. 16-110.1. Pension credit earned for employment with a  
12 teacher organization or a school board association. Any credit  
13 earned under item (4) or (8) of Section 16-106 and that is  
14 granted after the effective date of this amendatory Act of the  
15 97th General Assembly shall be based on the participant's  
16 salary immediately before engaging in the type of employment  
17 specified in that provision. The participant must contribute an  
18 amount equal to the actuarially determined normal cost of the  
19 benefit as calculated by the System. The employer of the  
20 participant may elect to contribute all or a portion of the  
21 participant's required contribution.

22 (40 ILCS 5/16-110.2 new)

23 Sec. 16-110.2. Credit recalculation. Every 3 years,  
24 beginning on or as soon as practical after the effective date

1 of this amendatory Act of the 97th General Assembly, the System  
2 shall determine if any benefit earned by a participant who  
3 first earns credit on or after the effective date of this  
4 Section as a result of item (4) or (8) of Section 16-106 has  
5 created any additional unfunded liability to the System. If it  
6 is determined by the System that additional unfunded liability  
7 has been created, then the participant must remit the total  
8 cost to the System, as determined by the System, within one  
9 year.

10 (40 ILCS 5/16-110.3 new)

11 Sec. 16-110.3. Leaves of absence; computation of salary.  
12 For any participant who, on or after the effective date of this  
13 amendatory Act of the 97th General Assembly, has earned credit  
14 under item (4) or (8) of Section 16-106, his or her average  
15 salary shall be based upon the regular salary rate received by  
16 the participant for his or her employment immediately prior to  
17 that leave of absence.

18 (40 ILCS 5/17-109.3 new)

19 Sec. 17-109.3. Salary for credit earned for employment with  
20 a teacher organization or school board association. Any credit  
21 earned, on or after the effective date of this amendatory Act  
22 of the 97th General Assembly, under subdivision (4) of Section  
23 17-134 or subsection (b) of Section 17-134.1, shall be based  
24 upon the regular salary rate received by the participant for

1 his or her employment immediately before engaging in the type  
2 of employment specified in that provision.

3 (40 ILCS 5/17-134) (from Ch. 108 1/2, par. 17-134)

4 Sec. 17-134. Contributions for leaves of absence; military  
5 service; computing service. In computing service for pension  
6 purposes the following periods of service shall stand in lieu  
7 of a like number of years of teaching service upon payment  
8 therefor in the manner hereinafter provided: (a) time spent on  
9 a leave of absence granted by the employer; (b) service with  
10 teacher or labor organizations based upon special leaves of  
11 absence therefor granted by an Employer; (c) a maximum of 5  
12 years spent in the military service of the United States, of  
13 which up to 2 years may have been served outside the pension  
14 period; (d) unused sick days at termination of service to a  
15 maximum of 244 days; (e) time lost due to layoff and  
16 curtailment of the school term from June 6 through June 21,  
17 1976; and (f) time spent after June 30, 1982 as a member of the  
18 Board of Education, if required to resign from an  
19 administrative or teaching position in order to qualify as a  
20 member of the Board of Education.

21 (1) For time spent on or after September 6, 1948 on  
22 sabbatical leaves of absence or sick leaves, for which  
23 salaries are paid, an Employer shall make payroll  
24 deductions at the applicable rates in effect during such  
25 periods.

1           (2) For time spent on a leave of absence granted by the  
2 employer for which no salaries are paid, teachers desiring  
3 credit therefor shall pay the required contributions at the  
4 rates in effect during such periods as though they were in  
5 teaching service. If an Employer pays salary for vacations  
6 which occur during a teacher's sick leave or maternity or  
7 paternity leave without salary, vacation pay for which the  
8 teacher would have qualified while in active service shall  
9 be considered part of the teacher's total salary for  
10 pension purposes. No more than 36 months of leave credit  
11 may be allowed any person during the entire term of  
12 service. Sabbatical leave credit shall be limited to the  
13 time the person on leave without salary under an Employer's  
14 rules is allowed to engage in an activity for which he  
15 receives salary or compensation.

16           (3) For time spent prior to September 6, 1948, on  
17 sabbatical leaves of absence or sick leaves for which  
18 salaries were paid, teachers desiring service credit  
19 therefor shall pay the required contributions at the  
20 maximum applicable rates in effect during such periods.

21           (4) For service with teacher or labor organizations  
22 authorized by special leaves of absence, for which no  
23 payroll deductions are made by an Employer, teachers  
24 desiring service credit therefor shall contribute to the  
25 Fund upon the basis of the actual salary received from such  
26 organizations at the percentage rates in effect during such

1 periods for certified positions with such Employer. To the  
2 extent the actual salary exceeds the regular salary, which  
3 shall be defined as the salary rate, as calculated by the  
4 Board, in effect for the teacher's regular position in  
5 teaching service on September 1, 1983 or on the effective  
6 date of the leave with the organization, whichever is  
7 later, the organization shall pay to the Fund the  
8 employer's normal cost as set by the Board on the  
9 increment. For leaves of absence after the effective date  
10 of this amendatory Act of the 97th General Assembly,  
11 contributions to the Fund under this subdivision (4) shall  
12 be based upon the teacher's regular salary as defined in  
13 this subdivision (4).

14 (5) For time spent in the military service, teachers  
15 entitled to and desiring credit therefor shall contribute  
16 the amount required for each year of service or fraction  
17 thereof at the rates in force (a) at the date of  
18 appointment, or (b) on return to teaching service as a  
19 regularly certified teacher, as the case may be; provided  
20 such rates shall not be less than \$450 per year of service.  
21 These conditions shall apply unless an Employer elects to  
22 and does pay into the Fund the amount which would have been  
23 due from such person had he been employed as a teacher  
24 during such time. In the case of credit for military  
25 service not during the pension period, the teacher must  
26 also pay to the Fund an amount determined by the Board to



1 be equal to the employer's normal cost of the benefits  
2 accrued from such service, plus interest thereon at 5% per  
3 year, compounded annually, from the date of appointment to  
4 the date of payment.

5 The changes to this Section made by Public Act 87-795  
6 shall apply not only to persons who on or after its  
7 effective date are in service under the Fund, but also to  
8 persons whose status as a teacher terminated prior to that  
9 date, whether or not the person is an annuitant on that  
10 date. In the case of an annuitant who applies for credit  
11 allowable under this Section for a period of military  
12 service that did not immediately follow employment, and who  
13 has made the required contributions for such credit, the  
14 annuity shall be recalculated to include the additional  
15 service credit, with the increase taking effect on the date  
16 the Fund received written notification of the annuitant's  
17 intent to purchase the credit, if payment of all the  
18 required contributions is made within 60 days of such  
19 notice, or else on the first annuity payment date following  
20 the date of payment of the required contributions. In  
21 calculating the automatic annual increase for an annuity  
22 that has been recalculated under this Section, the increase  
23 attributable to the additional service allowable under  
24 this amendatory Act of 1991 shall be included in the  
25 calculation of automatic annual increases accruing after  
26 the effective date of the recalculation.

1           The total credit for military service shall not exceed  
2           5 years, except that any teacher who on July 1, 1963, had  
3           validated credit for more than 5 years of military service  
4           shall be entitled to the total amount of such credit.

5           (6) A maximum of 244 unused sick days credited to his  
6           account by an Employer on the date of termination of  
7           employment. Members, upon verification of unused sick  
8           days, may add this service time to total creditable  
9           service.

10          (7) In all cases where time spent on leave is  
11          creditable and no payroll deductions therefor are made by  
12          an Employer, persons desiring service credit shall make the  
13          required contributions directly to the Fund.

14          (8) For time lost without pay due to layoff and  
15          curtailment of the school term from June 6 through June 21,  
16          1976, as provided in item (e) of the first paragraph of  
17          this Section, persons who were contributors on the days  
18          immediately preceding such layoff shall receive credit  
19          upon paying to the Fund a contribution based on the rates  
20          of compensation and employee contributions in effect at the  
21          time of such layoff, together with an additional amount  
22          equal to 12.2% of the compensation computed for such period  
23          of layoff, plus interest on the entire amount at 5% per  
24          annum from January 1, 1978 to the date of payment. If such  
25          contribution is paid, salary for pension purposes for any  
26          year in which such a layoff occurred shall include the

1 compensation recognized for purposes of computing that  
2 contribution.

3 (9) For time spent after June 30, 1982, as a  
4 nonsalaried member of the Board of Education, if required  
5 to resign from an administrative or teaching position in  
6 order to qualify as a member of the Board of Education, an  
7 administrator or teacher desiring credit therefor shall  
8 pay the required contributions at the rates and salaries in  
9 effect during such periods as though the member were in  
10 service.

11 Effective September 1, 1974, the interest charged for  
12 validation of service described in paragraphs (2) through (5)  
13 of this Section shall be compounded annually at a rate of 5%  
14 commencing one year after the termination of the leave or  
15 return to service.

16 (Source: P.A. 92-599, eff. 6-28-02.)

17 (40 ILCS 5/17-134.1)

18 Sec. 17-134.1. Labor organization employees.

19 (a) A former teacher who is employed by a teacher or labor  
20 organization and is not eligible to participate under  
21 subdivision (4) of Section 17-134 because he or she is not on a  
22 special leave of absence may elect to participate in the Fund  
23 for the duration of that employment by so notifying the Fund in  
24 writing. Participation shall be subject to the same conditions  
25 as are applicable to persons participating under that

1 subdivision (4), and service credit shall be contingent upon  
2 the required contributions being received by the Fund.

3 (b) A person who participates in the Fund under subsection  
4 (a) may establish service credit for periods of such employment  
5 that took place before beginning participation under this  
6 Section by submitting a written application to the Fund. Credit  
7 shall be granted upon payment to the Fund of an amount to be  
8 determined by the Fund, equal to (i) the employee contributions  
9 that would have been paid if the person had participated under  
10 subdivision (4) of Section 17-134 during the period for which  
11 service credit is to be established, based on the actual salary  
12 received, plus (ii) the employer's normal cost associated with  
13 that service credit, plus (iii) interest on items (i) and (ii)  
14 at the rate of 6% per year, compounded annually, from the date  
15 of the service established to the date of payment. Service  
16 credit under this subsection shall not be granted until the  
17 required contribution has been paid in full; the contribution  
18 may be paid at any time before retirement. For leaves of  
19 absence after the effective date of this amendatory Act of the  
20 97th General Assembly, contributions to the Fund under item (i)  
21 of this subsection (b) shall be based upon the teacher's  
22 regular salary as defined in subdivision (4) of Section 17-134.

23 (c) A person who participates in the Fund under subsection  
24 (a) may reestablish any service credits previously forfeited by  
25 acceptance of a refund by paying to the Fund the amount of the  
26 refund plus interest thereon at the rate of 5% per annum,

1 compounded annually, from the date of the refund to the date of  
2 payment.

3 (d) Rollover contributions from other retirement plans  
4 qualified under the Internal Revenue Code of 1986 may be used  
5 to make the payments required under subsections (b) and (c).

6 (e) No service credit may be established under this Section  
7 for any period of employment for which the person receives  
8 service credit under any other provision of this Code.

9 (Source: P.A. 90-448, eff. 8-16-97.)

10 (40 ILCS 5/17-134.2 new)

11 Sec. 17-134.2. Credit recalculation. Every 3 years,  
12 beginning on or as soon as practical after the effective date  
13 of this amendatory Act of the 97th General Assembly, the Fund  
14 shall determine if any benefit earned by a participant who  
15 first earns credit on or after the effective date of this  
16 Section as a result of item (4) of Section 17-134 and Section  
17 17-134.1 has created any additional unfunded liability to the  
18 Fund. If it is determined by the Fund that additional unfunded  
19 liability has been created, then the participant must remit the  
20 total cost to the Fund, as determined by the Fund, within one  
21 year.

22 Section 99. Effective date. This Act takes effect upon  
23 becoming law."