



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

**HB4458**

Introduced 1/30/2012, by Rep. Dan Brady

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/3-110	from Ch. 108 1/2, par. 3-110
40 ILCS 5/3-110.6	from Ch. 108 1/2, par. 3-110.6
40 ILCS 5/15-113	from Ch. 108 1/2, par. 15-113
40 ILCS 5/15-113.12 new	
40 ILCS 5/15-134.4	from Ch. 108 1/2, par. 15-134.4
30 ILCS 805/8.36 new	

Amends the Illinois Pension Code. For a period of 6 months, allows a police officer to transfer up to 10 years of creditable service in either direction between a downstate police pension fund and the State Universities Retirement System. Applies only to service as a police officer. Requires payment by the police officer of the difference between the amount of contributions transferred and the true cost of allowing the creditable service to be established. Authorizes reinstatement of transferable credits. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately

LRB097 17197 EFG 62397 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

A BILL FOR

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 3-110, 3-110.6, 15-113, and 15-134.4 and by adding  
6 Section 15-113.12 as follows:

7 (40 ILCS 5/3-110) (from Ch. 108 1/2, par. 3-110)

8 Sec. 3-110. Creditable service.

9 (a) "Creditable service" is the time served by a police  
10 officer as a member of a regularly constituted police force of  
11 a municipality. In computing creditable service furloughs  
12 without pay exceeding 30 days shall not be counted, but all  
13 leaves of absence for illness or accident, regardless of  
14 length, and all periods of disability retirement for which a  
15 police officer has received no disability pension payments  
16 under this Article shall be counted.

17 (a-5) Up to 3 years of time during which the police officer  
18 receives a disability pension under Section 3-114.1, 3-114.2,  
19 3-114.3, or 3-114.6 shall be counted as creditable service,  
20 provided that (i) the police officer returns to active service  
21 after the disability for a period at least equal to the period  
22 for which credit is to be established and (ii) the police  
23 officer makes contributions to the fund based on the rates

1 specified in Section 3-125.1 and the salary upon which the  
2 disability pension is based. These contributions may be paid at  
3 any time prior to the commencement of a retirement pension. The  
4 police officer may, but need not, elect to have the  
5 contributions deducted from the disability pension or to pay  
6 them in installments on a schedule approved by the board. If  
7 not deducted from the disability pension, the contributions  
8 shall include interest at the rate of 6% per year, compounded  
9 annually, from the date for which service credit is being  
10 established to the date of payment. If contributions are paid  
11 under this subsection (a-5) in excess of those needed to  
12 establish the credit, the excess shall be refunded. This  
13 subsection (a-5) applies to persons receiving a disability  
14 pension under Section 3-114.1, 3-114.2, 3-114.3, or 3-114.6 on  
15 the effective date of this amendatory Act of the 91st General  
16 Assembly, as well as persons who begin to receive such a  
17 disability pension after that date.

18 (b) Creditable service includes all periods of service in  
19 the military, naval or air forces of the United States entered  
20 upon while an active police officer of a municipality, provided  
21 that upon applying for a permanent pension, and in accordance  
22 with the rules of the board, the police officer pays into the  
23 fund the amount the officer would have contributed if he or she  
24 had been a regular contributor during such period, to the  
25 extent that the municipality which the police officer served  
26 has not made such contributions in the officer's behalf. The

1 total amount of such creditable service shall not exceed 5  
2 years, except that any police officer who on July 1, 1973 had  
3 more than 5 years of such creditable service shall receive the  
4 total amount thereof.

5 (b-5) Creditable service includes all periods of service in  
6 the military, naval, or air forces of the United States entered  
7 upon before beginning service as an active police officer of a  
8 municipality, provided that, in accordance with the rules of  
9 the board, the police officer pays into the fund the amount the  
10 police officer would have contributed if he or she had been a  
11 regular contributor during such period, plus an amount  
12 determined by the Board to be equal to the municipality's  
13 normal cost of the benefit, plus interest at the actuarially  
14 assumed rate calculated from the date the employee last became  
15 a police officer under this Article. The total amount of such  
16 creditable service shall not exceed 2 years.

17 (c) Creditable service also includes service rendered by a  
18 police officer while on leave of absence from a police  
19 department to serve as an executive of an organization whose  
20 membership consists of members of a police department, subject  
21 to the following conditions: (i) the police officer is a  
22 participant of a fund established under this Article with at  
23 least 10 years of service as a police officer; (ii) the police  
24 officer received no credit for such service under any other  
25 retirement system, pension fund, or annuity and benefit fund  
26 included in this Code; (iii) pursuant to the rules of the board

1 the police officer pays to the fund the amount he or she would  
2 have contributed had the officer been an active member of the  
3 police department; (iv) the organization pays a contribution  
4 equal to the municipality's normal cost for that period of  
5 service; and (v) for all leaves of absence under this  
6 subsection (c), including those beginning before the effective  
7 date of this amendatory Act of the 97th General Assembly, the  
8 police officer continues to remain in sworn status, subject to  
9 the professional standards of the public employer or those  
10 terms established in statute.

11 (d) (1) Creditable service also includes periods of  
12 service originally established in another police pension  
13 fund under this Article or in the Fund or System  
14 established under Article 7 or 15 of this Code for which  
15 (i) the contributions have been transferred under Section  
16 3-110.7, ~~or Section 7-139.9,~~ or 15-134.4 and (ii) any  
17 additional contribution required under paragraph (2) of  
18 this subsection has been paid in full in accordance with  
19 the requirements of this subsection (d).

20 (2) If the board of the pension fund to which  
21 creditable service and related contributions are  
22 transferred under Section 7-139.9 or 15-134.4 determines  
23 that the amount transferred is less than the true cost to  
24 the pension fund of allowing that creditable service to be  
25 established, then in order to establish that creditable  
26 service the police officer must pay to the pension fund,

1 within the payment period specified in paragraph (3) of  
2 this subsection, an additional contribution equal to the  
3 difference, as determined by the board in accordance with  
4 the rules and procedures adopted under paragraph (6) of  
5 this subsection.

6 If the board of the pension fund to which creditable  
7 service and related contributions are transferred under  
8 Section 3-110.7 determines that the amount transferred is  
9 less than the true cost to the pension fund of allowing  
10 that creditable service to be established, then the police  
11 officer may elect (A) to establish that creditable service  
12 by paying to the pension fund, within the payment period  
13 specified in paragraph (3) of this subsection (d), an  
14 additional contribution equal to the difference, as  
15 determined by the board in accordance with the rules and  
16 procedures adopted under paragraph (6) of this subsection  
17 (d) or (B) to have his or her creditable service reduced by  
18 an amount equal to the difference between the amount  
19 transferred under Section 3-110.7 and the true cost to the  
20 pension fund of allowing that creditable service to be  
21 established, as determined by the board in accordance with  
22 the rules and procedures adopted under paragraph (6) of  
23 this subsection (d).

24 (3) Except as provided in paragraph (4), the additional  
25 contribution that is required or elected under paragraph  
26 (2) of this subsection (d) must be paid to the board (i)

1 within 5 years from the date of the transfer of  
2 contributions under Section 3-110.7, ~~or~~ 7-139.9, or  
3 15-134.4 and (ii) before the police officer terminates  
4 service with the fund. The additional contribution may be  
5 paid in a lump sum or in accordance with a schedule of  
6 installment payments authorized by the board.

7 (4) If the police officer dies in service before  
8 payment in full has been made and before the expiration of  
9 the 5-year payment period, the surviving spouse of the  
10 officer may elect to pay the unpaid amount on the officer's  
11 behalf within 6 months after the date of death, in which  
12 case the creditable service shall be granted as though the  
13 deceased police officer had paid the remaining balance on  
14 the day before the date of death.

15 (5) If the additional contribution that is required or  
16 elected under paragraph (2) of this subsection (d) is not  
17 paid in full within the required time, the creditable  
18 service shall not be granted and the police officer (or the  
19 officer's surviving spouse or estate) shall be entitled to  
20 receive a refund of (i) any partial payment of the  
21 additional contribution that has been made by the police  
22 officer and (ii) those portions of the amounts transferred  
23 under subdivision (a)(1) of Section 3-110.7 or  
24 subdivisions (a)(1) and (a)(3) of Section 7-139.9 or  
25 subdivisions (b-5)(1) and (b-5)(3) of Section 15-134.4  
26 that represent employee contributions paid by the police

1 officer (but not the accumulated interest on those  
2 contributions) and interest paid by the police officer to  
3 the prior pension fund in order to reinstate service  
4 terminated by acceptance of a refund.

5 At the time of paying a refund under this item (5), the  
6 pension fund shall also repay to the pension fund from  
7 which the contributions were transferred under Section  
8 3-110.7, ~~or~~ 7-139.9, or 15-134.4 the amount originally  
9 transferred under subdivision (a)(2) of that Section, plus  
10 interest at the rate of 6% per year, compounded annually,  
11 from the date of the original transfer to the date of  
12 repayment. Amounts repaid to the Article 7 fund under this  
13 provision shall be credited to the appropriate  
14 municipality.

15 Transferred credit that is not granted due to failure  
16 to pay the additional contribution within the required time  
17 is lost; it may not be transferred to another pension fund  
18 and may not be reinstated in the pension fund from which it  
19 was transferred.

20 (6) The Public Employee Pension Fund Division of the  
21 Department of Insurance shall establish by rule the manner  
22 of making the calculation required under paragraph (2) of  
23 this subsection, taking into account the appropriate  
24 actuarial assumptions; the police officer's service, age,  
25 and salary history; the level of funding of the pension  
26 fund to which the credits are being transferred; and any



1 other factors that the Division determines to be relevant.  
2 The rules may require that all calculations made under  
3 paragraph (2) be reported to the Division by the board  
4 performing the calculation, together with documentation of  
5 the creditable service to be transferred, the amounts of  
6 contributions and interest to be transferred, the manner in  
7 which the calculation was performed, the numbers relied  
8 upon in making the calculation, the results of the  
9 calculation, and any other information the Division may  
10 deem useful.

11 (e) (1) Creditable service also includes periods of  
12 service originally established in the Fund established  
13 under Article 7 of this Code for which the contributions  
14 have been transferred under Section 7-139.11.

15 (2) If the board of the pension fund to which  
16 creditable service and related contributions are  
17 transferred under Section 7-139.11 determines that the  
18 amount transferred is less than the true cost to the  
19 pension fund of allowing that creditable service to be  
20 established, then the amount of creditable service the  
21 police officer may establish under this subsection (e)  
22 shall be reduced by an amount equal to the difference, as  
23 determined by the board in accordance with the rules and  
24 procedures adopted under paragraph (3) of this subsection.

25 (3) The Public Pension Division of the Department of  
26 Financial and Professional Regulation shall establish by

1 rule the manner of making the calculation required under  
2 paragraph (2) of this subsection, taking into account the  
3 appropriate actuarial assumptions; the police officer's  
4 service, age, and salary history; the level of funding of  
5 the pension fund to which the credits are being  
6 transferred; and any other factors that the Division  
7 determines to be relevant. The rules may require that all  
8 calculations made under paragraph (2) be reported to the  
9 Division by the board performing the calculation, together  
10 with documentation of the creditable service to be  
11 transferred, the amounts of contributions and interest to  
12 be transferred, the manner in which the calculation was  
13 performed, the numbers relied upon in making the  
14 calculation, the results of the calculation, and any other  
15 information the Division may deem useful.

16 (4) Until January 1, 2010, a police officer who  
17 transferred service from the Fund established under  
18 Article 7 of this Code under the provisions of Public Act  
19 94-356 may establish additional credit, but only for the  
20 amount of the service credit reduction in that transfer, as  
21 calculated under paragraph (3) of this subsection (e). This  
22 credit may be established upon payment by the police  
23 officer of an amount to be determined by the board, equal  
24 to (1) the amount that would have been contributed as  
25 employee and employer contributions had all of the service  
26 been as an employee under this Article, plus interest

1           thereon at the rate of 6% per year, compounded annually  
2           from the date of service to the date of transfer, less (2)  
3           the total amount transferred from the Article 7 Fund, plus  
4           (3) interest on the difference at the rate of 6% per year,  
5           compounded annually, from the date of the transfer to the  
6           date of payment. The additional service credit is allowed  
7           under this amendatory Act of the 95th General Assembly  
8           notwithstanding the provisions of Article 7 terminating  
9           all transferred credits on the date of transfer.

10          (Source: P.A. 96-297, eff. 8-11-09; 96-1260, eff. 7-23-10;  
11          97-651, eff. 1-5-12.)

12           (40 ILCS 5/3-110.6) (from Ch. 108 1/2, par. 3-110.6)

13           Sec. 3-110.6. Transfer to Article 14 or 15 System.

14           (a) Any active member of the State Employees' Retirement  
15          System who is a State policeman, an investigator for the  
16          Secretary of State, a conservation police officer, an  
17          investigator for the Office of the Attorney General, an  
18          investigator for the Department of Revenue, an investigator for  
19          the Office of the State's Attorneys Appellate Prosecutor, or a  
20          controlled substance inspector may apply for transfer of some  
21          or all of his or her creditable service accumulated in any  
22          police pension fund under this Article to the State Employees'  
23          Retirement System in accordance with Section 14-110. The  
24          creditable service shall be transferred only upon payment by  
25          the police pension fund to the State Employees' Retirement

1 System of an amount equal to:

2 (1) the amounts accumulated to the credit of the  
3 applicant for the service to be transferred on the books of  
4 the fund on the date of transfer; and

5 (2) employer contributions in an amount equal to the  
6 amount determined under subparagraph (1); and

7 (3) any interest paid by the applicant in order to  
8 reinstate service to be transferred.

9 Participation in the police pension fund with respect to the  
10 service to be transferred shall terminate on the date of  
11 transfer.

12 (a-5) No later than 6 months after the effective date of  
13 this amendatory Act of the 97th General Assembly, any active  
14 member of the State Universities Retirement System who is a  
15 police officer under that System may apply for transfer of up  
16 to 10 years of his or her creditable service accumulated in any  
17 police pension fund under this Article to the State  
18 Universities Retirement System in accordance with Section  
19 15-113.12. The creditable service shall be transferred only  
20 upon payment by the police pension fund to the State  
21 Universities Retirement System of an amount equal to:

22 (1) the amounts accumulated to the credit of the  
23 applicant for the service to be transferred on the books of  
24 the fund on the date of transfer; and

25 (2) employer contributions in an amount equal to the  
26 amount determined under subparagraph (1); and

1           (3) any interest paid by the applicant in order to  
2           reinstate service to be transferred.

3           Participation in the police pension fund with respect to the  
4           service to be transferred shall terminate on the date of  
5           transfer.

6           (b) Any person applying to transfer service under this  
7           Section may reinstate transferable service that was terminated  
8           by receipt of a refund, by paying to the police pension fund  
9           the amount of the refund with interest thereon at the  
10          actuarially assumed rate of interest, compounded annually,  
11          from the date of refund to the date of payment.

12          (Source: P.A. 95-530, eff. 8-28-07; 96-745, eff. 8-25-09.)

13           (40 ILCS 5/15-113) (from Ch. 108 1/2, par. 15-113)

14           Sec. 15-113. Service. "Service": The periods defined in  
15          Sections 15-113.1 through 15-113.12 ~~15-113.9~~.

16          (Source: P.A. 84-1472.)

17           (40 ILCS 5/15-113.12 new)

18           Sec. 15-113.12. Transfer of creditable service from  
19          Article 3 police pension fund.

20           (a) For a period of 6 months after the effective date of  
21          this Section, a participant who is a police officer may  
22          transfer to the System up to 10 years of creditable service  
23          accumulated under any police pension fund established under  
24          Article 3 of this Code upon payment to the System of an amount

1 to be determined by the Board, equal to the difference between  
2 the amount transferred to the System under Section 3-110.6 and  
3 the true cost to the System of allowing that creditable service  
4 to be established, as determined by the Board. The total amount  
5 of creditable service established under this Section by a  
6 participant shall not exceed 10 years.

7 (b) Creditable service established under this Section by a  
8 participant shall be deemed to be service as a police officer  
9 for the purposes of this Article, unless the participant has  
10 filed a written notice under Section 15-157 waiving the  
11 retirement formula provided by Rule 4 of Section 15-136.

12 (40 ILCS 5/15-134.4) (from Ch. 108 1/2, par. 15-134.4)

13 Sec. 15-134.4. Transfer of creditable service as a police  
14 officer or criminal justice teacher to the Article 5 Pension  
15 Fund or Article 14 System.

16 (a) An active member of the Pension Fund established under  
17 Article 5 of this Code may apply, not later than January 1,  
18 1990, to transfer his or her credits and creditable service  
19 accumulated under this System for service with the City  
20 Colleges of Chicago teaching in the Criminal Justice Program,  
21 to the Article 5 Fund. Such credits and creditable service  
22 shall be transferred forthwith.

23 Payment by this System to the Article 5 Fund shall be made  
24 at the same time and shall consist of:

25 (1) the amounts credited to the applicant for such

1 service through employee contributions, including  
2 interest, as of the date of transfer; and

3 (2) employer contributions equal in amount to the  
4 accumulated employee contributions as determined in item  
5 (1).

6 Participation in this System with respect to such credits shall  
7 terminate on the date of transfer.

8 (b) Any active member of the State Employees' Retirement  
9 System who is a State policeman, an investigator for the  
10 Secretary of State, or a conservation police officer may apply  
11 for transfer of some or all of his or her creditable service  
12 accumulated in this System for service as a police officer to  
13 the State Employees' Retirement System in accordance with  
14 Section 14-110. The creditable service shall be transferred  
15 only upon payment by this System to the State Employees'  
16 Retirement System of an amount equal to:

17 (1) the amounts accumulated to the credit of the  
18 applicant for the service to be transferred, including  
19 interest, as of the date of transfer; and

20 (2) employer contributions equal in amount to the  
21 accumulated employee contributions as determined in item  
22 (1); and

23 (3) any interest paid by the applicant to reinstate  
24 such service.

25 Participation in this System as to any credits transferred  
26 under this subsection (b) ~~Section~~ shall terminate on the date

1 of transfer.

2 (b-5) No later than 6 months after the effective date of  
3 this amendatory Act of the 97th General Assembly, any active  
4 member of a police pension fund established under Article 3 of  
5 this Code may apply for transfer of up to 10 years of his or her  
6 creditable service accumulated in this System for service as a  
7 police officer to that police pension fund in accordance with  
8 subsection (d) of Section 3-110. The creditable service shall  
9 be transferred only upon payment by this System to that police  
10 pension fund of an amount equal to:

11 (1) the amounts accumulated to the credit of the  
12 applicant for the service to be transferred, including  
13 interest, as of the date of transfer; and

14 2) employer contributions equal in amount to the  
15 accumulated employee contributions as determined in item  
16 (1); and

17 (3) any interest paid by the applicant to reinstate  
18 such service.

19 Participation in this System as to any credits transferred  
20 under this subsection (b-5) shall terminate on the date of  
21 transfer.

22 (c) Any person applying to transfer service under  
23 subsection (b) or (b-5) may reinstate transferable credits and  
24 creditable service terminated upon receipt of a refund by  
25 paying to the System the amount of the refund plus interest  
26 thereon at the rate of 6% per year from the date of the refund



1 to the date of payment.

2 (Source: P.A. 95-530, eff. 8-28-07.)

3 Section 90. The State Mandates Act is amended by adding  
4 Section 8.36 as follows:

5 (30 ILCS 805/8.36 new)

6 Sec. 8.36. Exempt mandate. Notwithstanding Sections 6 and 8  
7 of this Act, no reimbursement by the State is required for the  
8 implementation of any mandate created by this amendatory Act of  
9 the 97th General Assembly.

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