



## 97TH GENERAL ASSEMBLY

### State of Illinois

### 2011 and 2012

### SB2497

Introduced 10/12/2011, by Sen. Ron Sandack

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/8-226	from Ch. 108 1/2, par. 8-226
40 ILCS 5/11-215	from Ch. 108 1/2, par. 11-215
40 ILCS 5/17-134	from Ch. 108 1/2, par. 17-134
40 ILCS 5/17-134.1	

Amends the Chicago Municipal, Chicago Laborers, and Chicago Teachers Articles of the Illinois Pension Code to provide that, for certain leaves of absence during which a participant is employed by a labor organization, contributions shall be based upon the participant's regular salary (rather than the salary received from the organization). Effective immediately.

LRB097 13629 AMC 58165 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

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 8-226, 11-215, 17-134, and 17-134.1 as follows:

6 (40 ILCS 5/8-226) (from Ch. 108 1/2, par. 8-226)

7 Sec. 8-226. Computation of service. In computing the term  
8 of service of an employee prior to the effective date, the  
9 entire period beginning on the date he was first appointed and  
10 ending on the day before the effective date, except any  
11 intervening period during which he was separated by withdrawal  
12 from service, shall be counted for all purposes of this  
13 Article, except that for any employee who was not in service on  
14 the day before the effective date, service rendered prior to  
15 such date shall not be considered for the purposes of Section  
16 8-138.

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

23 The time a person was an employee of any territory annexed

1 to the city prior to the effective date shall be counted as a  
2 period of service.

3 In computing the term of service of any employee subsequent  
4 to the day before the effective date, the following periods  
5 shall be counted as periods of service for age and service,  
6 widow's and child's annuity purposes:

7 (a) The time during which he performed the duties of  
8 his position;

9 (b) Vacations, leaves of absence with whole or part  
10 pay, and leaves of absence without pay not longer than 90  
11 days;

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

1 date of this amendatory Act of the 97th General Assembly,  
2 based on the regular salary rate received by the  
3 participant for his municipal employment immediately prior  
4 to such leave of absence, (2) after January 1, 1989 the  
5 participant, or the labor organization on the  
6 participant's behalf, makes contributions to the Fund as  
7 though it were the employer, in the same amount and same  
8 manner as specified under this Article, based on the  
9 regular salary rate received by the participant for his  
10 municipal employment immediately prior to such leave of  
11 absence, and based on his current salary with such labor  
12 organization after the effective date of this amendatory  
13 Act of 1991 and until the effective date of this amendatory  
14 Act of the 97th General Assembly, and, after the effective  
15 date of this amendatory Act of the 97th General Assembly,  
16 based on the regular salary rate received by the  
17 participant for his municipal employment immediately prior  
18 to such leave of absence, and (3) the participant does not  
19 receive credit in any pension plan established by the local  
20 labor organization based on his employment by the  
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 5/11-215) (from Ch. 108 1/2, par. 11-215)

13 Sec. 11-215. Computation of service.

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

23 (b) For a person employed by an employer for whom this  
24 Article was in effect prior to August 1, 1949, from whose  
25 salary deductions are first made under this Article after July

1 31, 1949, any period of service rendered prior to the effective  
2 date, unless he was in service on the day before the effective  
3 date, shall not be counted as service.

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

8 (1) the time during which he performed the duties of  
9 his position;

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

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

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

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

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

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

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

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

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

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

13           (40 ILCS 5/17-134) (from Ch. 108 1/2, par. 17-134)

14           Sec. 17-134. Contributions for leaves of absence; military  
15 service; computing service. In computing service for pension  
16 purposes the following periods of service shall stand in lieu  
17 of a like number of years of teaching service upon payment  
18 therefor in the manner hereinafter provided: (a) time spent on  
19 a leave of absence granted by the employer; (b) service with  
20 teacher or labor organizations based upon special leaves of  
21 absence therefor granted by an Employer; (c) a maximum of 5  
22 years spent in the military service of the United States, of  
23 which up to 2 years may have been served outside the pension  
24 period; (d) unused sick days at termination of service to a  
25 maximum of 244 days; (e) time lost due to layoff and

1 curtailment of the school term from June 6 through June 21,  
2 1976; and (f) time spent after June 30, 1982 as a member of the  
3 Board of Education, if required to resign from an  
4 administrative or teaching position in order to qualify as a  
5 member of the Board of Education.

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

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

26 (3) For time spent prior to September 6, 1948, on

1 sabbatical leaves of absence or sick leaves for which  
2 salaries were paid, teachers desiring service credit  
3 therefor shall pay the required contributions at the  
4 maximum applicable rates in effect during such periods.

5 (4) For service with teacher or labor organizations  
6 authorized by special leaves of absence, for which no  
7 payroll deductions are made by an Employer, teachers  
8 desiring service credit therefor shall contribute to the  
9 Fund upon the basis of the actual salary received from such  
10 organizations at the percentage rates in effect during such  
11 periods for certified positions with such Employer. To the  
12 extent the actual salary exceeds the regular salary, which  
13 shall be defined as the salary rate, as calculated by the  
14 Board, in effect for the teacher's regular position in  
15 teaching service on September 1, 1983 or on the effective  
16 date of the leave with the organization, whichever is  
17 later, the organization shall pay to the Fund the  
18 employer's normal cost as set by the Board on the  
19 increment. After the effective date of this amendatory Act  
20 of the 97th General Assembly, contributions to the Fund  
21 under this subdivision (4) shall be based upon the  
22 teacher's regular salary as defined in this subdivision  
23 (4).

24 (5) For time spent in the military service, teachers  
25 entitled to and desiring credit therefor shall contribute  
26 the amount required for each year of service or fraction

1       thereof at the rates in force (a) at the date of  
2       appointment, or (b) on return to teaching service as a  
3       regularly certified teacher, as the case may be; provided  
4       such rates shall not be less than \$450 per year of service.  
5       These conditions shall apply unless an Employer elects to  
6       and does pay into the Fund the amount which would have been  
7       due from such person had he been employed as a teacher  
8       during such time. In the case of credit for military  
9       service not during the pension period, the teacher must  
10      also pay to the Fund an amount determined by the Board to  
11      be equal to the employer's normal cost of the benefits  
12      accrued from such service, plus interest thereon at 5% per  
13      year, compounded annually, from the date of appointment to  
14      the date of payment.

15       The changes to this Section made by Public Act 87-795  
16      shall apply not only to persons who on or after its  
17      effective date are in service under the Fund, but also to  
18      persons whose status as a teacher terminated prior to that  
19      date, whether or not the person is an annuitant on that  
20      date. In the case of an annuitant who applies for credit  
21      allowable under this Section for a period of military  
22      service that did not immediately follow employment, and who  
23      has made the required contributions for such credit, the  
24      annuity shall be recalculated to include the additional  
25      service credit, with the increase taking effect on the date  
26      the Fund received written notification of the annuitant's

1 intent to purchase the credit, if payment of all the  
2 required contributions is made within 60 days of such  
3 notice, or else on the first annuity payment date following  
4 the date of payment of the required contributions. In  
5 calculating the automatic annual increase for an annuity  
6 that has been recalculated under this Section, the increase  
7 attributable to the additional service allowable under  
8 this amendatory Act of 1991 shall be included in the  
9 calculation of automatic annual increases accruing after  
10 the effective date of the recalculation.

11 The total credit for military service shall not exceed  
12 5 years, except that any teacher who on July 1, 1963, had  
13 validated credit for more than 5 years of military service  
14 shall be entitled to the total amount of such credit.

15 (6) A maximum of 244 unused sick days credited to his  
16 account by an Employer on the date of termination of  
17 employment. Members, upon verification of unused sick  
18 days, may add this service time to total creditable  
19 service.

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

24 (8) For time lost without pay due to layoff and  
25 curtailment of the school term from June 6 through June 21,  
26 1976, as provided in item (e) of the first paragraph of

1           this Section, persons who were contributors on the days  
2           immediately preceding such layoff shall receive credit  
3           upon paying to the Fund a contribution based on the rates  
4           of compensation and employee contributions in effect at the  
5           time of such layoff, together with an additional amount  
6           equal to 12.2% of the compensation computed for such period  
7           of layoff, plus interest on the entire amount at 5% per  
8           annum from January 1, 1978 to the date of payment. If such  
9           contribution is paid, salary for pension purposes for any  
10          year in which such a layoff occurred shall include the  
11          compensation recognized for purposes of computing that  
12          contribution.

13           (9) For time spent after June 30, 1982, as a  
14          nonsalaried member of the Board of Education, if required  
15          to resign from an administrative or teaching position in  
16          order to qualify as a member of the Board of Education, an  
17          administrator or teacher desiring credit therefor shall  
18          pay the required contributions at the rates and salaries in  
19          effect during such periods as though the member were in  
20          service.

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

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

1 (40 ILCS 5/17-134.1)

2 Sec. 17-134.1. Labor organization employees.

3 (a) A former teacher who is employed by a teacher or labor  
4 organization and is not eligible to participate under  
5 subdivision (4) of Section 17-134 because he or she is not on a  
6 special leave of absence may elect to participate in the Fund  
7 for the duration of that employment by so notifying the Fund in  
8 writing. Participation shall be subject to the same conditions  
9 as are applicable to persons participating under that  
10 subdivision (4), and service credit shall be contingent upon  
11 the required contributions being received by the Fund.

12 (b) A person who participates in the Fund under subsection  
13 (a) may establish service credit for periods of such employment  
14 that took place before beginning participation under this  
15 Section by submitting a written application to the Fund. Credit  
16 shall be granted upon payment to the Fund of an amount to be  
17 determined by the Fund, equal to (i) the employee contributions  
18 that would have been paid if the person had participated under  
19 subdivision (4) of Section 17-134 during the period for which  
20 service credit is to be established, based on the actual salary  
21 received, plus (ii) the employer's normal cost associated with  
22 that service credit, plus (iii) interest on items (i) and (ii)  
23 at the rate of 6% per year, compounded annually, from the date  
24 of the service established to the date of payment. Service  
25 credit under this subsection shall not be granted until the



1 required contribution has been paid in full; the contribution  
2 may be paid at any time before retirement. After the effective  
3 date of this amendatory Act of the 97th General Assembly,  
4 contributions to the Fund under item (i) of this subsection (b)  
5 shall be based upon the teacher's regular salary as defined in  
6 subdivision (4) of Section 17-134.

7 (c) A person who participates in the Fund under subsection  
8 (a) may reestablish any service credits previously forfeited by  
9 acceptance of a refund by paying to the Fund the amount of the  
10 refund plus interest thereon at the rate of 5% per annum,  
11 compounded annually, from the date of the refund to the date of  
12 payment.

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

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

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

20 Section 99. Effective date. This Act takes effect upon  
21 becoming law.