

SB1831



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB1831

Introduced 2/20/2015, by Sen. Wm. Sam McCann

SYNOPSIS AS INTRODUCED:

40 ILCS 5/14-104

from Ch. 108 1/2, par. 14-104

40 ILCS 5/14-152.1

Amends the State Employee Article of the Illinois Pension Code. In a provision relating to purchasing service credit for certain military service, deletes the requirement of paying an additional amount representing the employer's normal cost of the benefit plus interest. Provides that this change does not entitle any person to a refund of contributions or interest already paid. Removes the change from the definition of "new benefit increase". Effective immediately.

LRB099 10451 RPS 30678 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

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 14-104 and 14-152.1 as follows:

6 (40 ILCS 5/14-104) (from Ch. 108 1/2, par. 14-104)

7 Sec. 14-104. Service for which contributions permitted.
8 Contributions provided for in this Section shall cover the
9 period of service granted. Except as otherwise provided in this
10 Section, the contributions shall be based upon the employee's
11 compensation and contribution rate in effect on the date he
12 last became a member of the System; provided that for all
13 employment prior to January 1, 1969 the contribution rate shall
14 be that in effect for a noncovered employee on the date he last
15 became a member of the System. Except as otherwise provided in
16 this Section, contributions permitted under this Section shall
17 include regular interest from the date an employee last became
18 a member of the System to the date of payment.

19 These contributions must be paid in full before retirement
20 either in a lump sum or in installment payments in accordance
21 with such rules as may be adopted by the board.

22 (a) Any member may make contributions as required in this
23 Section for any period of service, subsequent to the date of

1 establishment, but prior to the date of membership.

2 (b) Any employee who had been previously excluded from
3 membership because of age at entry and subsequently became
4 eligible may elect to make contributions as required in this
5 Section for the period of service during which he was
6 ineligible.

7 (c) An employee of the Department of Insurance who, after
8 January 1, 1944 but prior to becoming eligible for membership,
9 received salary from funds of insurance companies in the
10 process of rehabilitation, liquidation, conservation or
11 dissolution, may elect to make contributions as required in
12 this Section for such service.

13 (d) Any employee who rendered service in a State office to
14 which he was elected, or rendered service in the elective
15 office of Clerk of the Appellate Court prior to the date he
16 became a member, may make contributions for such service as
17 required in this Section. Any member who served by appointment
18 of the Governor under the Civil Administrative Code of Illinois
19 and did not participate in this System may make contributions
20 as required in this Section for such service.

21 (e) Any person employed by the United States government or
22 any instrumentality or agency thereof from January 1, 1942
23 through November 15, 1946 as the result of a transfer from
24 State service by executive order of the President of the United
25 States shall be entitled to prior service credit covering the
26 period from January 1, 1942 through December 31, 1943 as

1 provided for in this Article and to membership service credit
2 for the period from January 1, 1944 through November 15, 1946
3 by making the contributions required in this Section. A person
4 so employed on January 1, 1944 but whose employment began after
5 January 1, 1942 may qualify for prior service and membership
6 service credit under the same conditions.

7 (f) An employee of the Department of Labor of the State of
8 Illinois who performed services for and under the supervision
9 of that Department prior to January 1, 1944 but who was
10 compensated for those services directly by federal funds and
11 not by a warrant of the Auditor of Public Accounts paid by the
12 State Treasurer may establish credit for such employment by
13 making the contributions required in this Section. An employee
14 of the Department of Agriculture of the State of Illinois, who
15 performed services for and under the supervision of that
16 Department prior to June 1, 1963, but was compensated for those
17 services directly by federal funds and not paid by a warrant of
18 the Auditor of Public Accounts paid by the State Treasurer, and
19 who did not contribute to any other public employee retirement
20 system for such service, may establish credit for such
21 employment by making the contributions required in this
22 Section.

23 (g) Any employee who executed a waiver of membership within
24 60 days prior to January 1, 1944 may, at any time while in the
25 service of a department, file with the board a rescission of
26 such waiver. Upon making the contributions required by this

1 Section, the member shall be granted the creditable service
2 that would have been received if the waiver had not been
3 executed.

4 (h) Until May 1, 1990, an employee who was employed on a
5 full-time basis by a regional planning commission for at least
6 5 continuous years may establish creditable service for such
7 employment by making the contributions required under this
8 Section, provided that any credits earned by the employee in
9 the commission's retirement plan have been terminated.

10 (i) Any person who rendered full time contractual services
11 to the General Assembly as a member of a legislative staff may
12 establish service credit for up to 8 years of such services by
13 making the contributions required under this Section, provided
14 that application therefor is made not later than July 1, 1991.

15 (j) By paying the contributions otherwise required under
16 this Section, ~~plus an amount determined by the Board to be~~
17 ~~equal to the employer's normal cost of the benefit plus~~
18 ~~interest,~~ but with all of the interest calculated from the date
19 the employee last became a member of the System or November 19,
20 1991, whichever is later, to the date of payment, an employee
21 may establish service credit for a period of up to 4 years
22 spent in active military service for which he does not qualify
23 for credit under Section 14-105, provided that (1) he was not
24 dishonorably discharged from such military service, and (2) the
25 amount of service credit established by a member under this
26 subsection (j), when added to the amount of military service

1 credit granted to the member under subsection (b) of Section
2 14-105, shall not exceed 5 years.

3 This amendatory Act of the 99th General Assembly applies to
4 credit purchased by a member on or after its effective date and
5 does not entitle any person to a refund of contributions or
6 interest already paid. The change in the manner of calculating
7 interest under this subsection (j) made by this amendatory Act
8 of the 92nd General Assembly applies to credit purchased by an
9 employee on or after its effective date and does not entitle
10 any person to a refund of contributions or interest already
11 paid. In compliance with Section 14-152.1 of this Act
12 concerning new benefit increases, any new benefit increase as a
13 result of the changes to this subsection (j) made by Public Act
14 95-483 is funded through the employee contributions provided
15 for in this subsection (j). Any new benefit increase as a
16 result of the changes made to this subsection (j) by Public Act
17 95-483 is exempt from the provisions of subsection (d) of
18 Section 14-152.1.

19 (k) An employee who was employed on a full-time basis by
20 the Illinois State's Attorneys Association Statewide Appellate
21 Assistance Service LEAA-ILEC grant project prior to the time
22 that project became the State's Attorneys Appellate Service
23 Commission, now the Office of the State's Attorneys Appellate
24 Prosecutor, an agency of State government, may establish
25 creditable service for not more than 60 months service for such
26 employment by making contributions required under this

1 Section.

2 (1) By paying the contributions otherwise required under
3 this Section, plus an amount determined by the Board to be
4 equal to the employer's normal cost of the benefit plus
5 interest, a member may establish service credit for periods of
6 less than one year spent on authorized leave of absence from
7 service, provided that (1) the period of leave began on or
8 after January 1, 1982 and (2) any credit established by the
9 member for the period of leave in any other public employee
10 retirement system has been terminated. A member may establish
11 service credit under this subsection for more than one period
12 of authorized leave, and in that case the total period of
13 service credit established by the member under this subsection
14 may exceed one year. In determining the contributions required
15 for establishing service credit under this subsection, the
16 interest shall be calculated from the beginning of the leave of
17 absence to the date of payment.

18 (1-5) By paying the contributions otherwise required under
19 this Section, plus an amount determined by the Board to be
20 equal to the employer's normal cost of the benefit plus
21 interest, a member may establish service credit for periods of
22 up to 2 years spent on authorized leave of absence from
23 service, provided that during that leave the member represented
24 or was employed as an officer or employee of a statewide labor
25 organization that represents members of this System. In
26 determining the contributions required for establishing

1 service credit under this subsection, the interest shall be
2 calculated from the beginning of the leave of absence to the
3 date of payment.

4 (m) Any person who rendered contractual services to a
5 member of the General Assembly as a worker in the member's
6 district office may establish creditable service for up to 3
7 years of those contractual services by making the contributions
8 required under this Section. The System shall determine a
9 full-time salary equivalent for the purpose of calculating the
10 required contribution. To establish credit under this
11 subsection, the applicant must apply to the System by March 1,
12 1998.

13 (n) Any person who rendered contractual services to a
14 member of the General Assembly as a worker providing
15 constituent services to persons in the member's district may
16 establish creditable service for up to 8 years of those
17 contractual services by making the contributions required
18 under this Section. The System shall determine a full-time
19 salary equivalent for the purpose of calculating the required
20 contribution. To establish credit under this subsection, the
21 applicant must apply to the System by March 1, 1998.

22 (o) A member who participated in the Illinois Legislative
23 Staff Internship Program may establish creditable service for
24 up to one year of that participation by making the contribution
25 required under this Section. The System shall determine a
26 full-time salary equivalent for the purpose of calculating the

1 required contribution. Credit may not be established under this
2 subsection for any period for which service credit is
3 established under any other provision of this Code.

4 (p) By paying the contributions otherwise required under
5 this Section, plus an amount determined by the Board to be
6 equal to the employer's normal cost of the benefit plus
7 interest, a member may establish service credit for a period of
8 up to 8 years during which he or she was employed by the
9 Visually Handicapped Managers of Illinois in a vending program
10 operated under a contractual agreement with the Department of
11 Rehabilitation Services or its successor agency.

12 This subsection (p) applies without regard to whether the
13 person was in service on or after the effective date of this
14 amendatory Act of the 94th General Assembly. In the case of a
15 person who is receiving a retirement annuity on that effective
16 date, the increase, if any, shall begin to accrue on the first
17 annuity payment date following receipt by the System of the
18 contributions required under this subsection (p).

19 (q) By paying the required contributions under this
20 Section, plus an amount determined by the Board to be equal to
21 the employer's normal cost of the benefit plus interest, an
22 employee who was laid off but returned to any State employment
23 may establish creditable service for the period of the layoff,
24 provided that (1) the applicant applies for the creditable
25 service under this subsection (q) within 6 months after July
26 27, 2010 (the effective date of Public Act 96-1320), (2) the

1 applicant does not receive credit for that period under any
2 other provision of this Code, (3) at the time of the layoff,
3 the applicant is not in an initial probationary status
4 consistent with the rules of the Department of Central
5 Management Services, and (4) the total amount of creditable
6 service established by the applicant under this subsection (q)
7 does not exceed 3 years. For service established under this
8 subsection (q), the required employee contribution shall be
9 based on the rate of compensation earned by the employee on the
10 date of returning to employment after the layoff and the
11 contribution rate then in effect, and the required interest
12 shall be calculated at the actuarially assumed rate from the
13 date of returning to employment after the layoff to the date of
14 payment. Funding for any new benefit increase, as defined in
15 Section 14-152.1 of this Act, that is created under this
16 subsection (q) will be provided by the employee contributions
17 required under this subsection (q).

18 (r) A member who participated in the University of Illinois
19 Government Public Service Internship Program (GPSI) may
20 establish creditable service for up to 2 years of that
21 participation by making the contribution required under this
22 Section, plus an amount determined by the Board to be equal to
23 the employer's normal cost of the benefit plus interest. The
24 System shall determine a full-time salary equivalent for the
25 purpose of calculating the required contribution. Credit may
26 not be established under this subsection for any period for

1 which service credit is established under any other provision
2 of this Code.

3 (s) A member who worked as a nurse under a contractual
4 agreement for the Department of Public Aid, or its successor
5 agency, the Department of Human Services, in the Client
6 Assessment Unit and was subsequently determined to be a State
7 employee by the United States Internal Revenue Service and the
8 Illinois Labor Relations Board may establish creditable
9 service for those contractual services by making the
10 contributions required under this Section. To establish credit
11 under this subsection, the applicant must apply to the System
12 by July 1, 2008.

13 The Department of Human Services shall pay an employer
14 contribution based upon an amount determined by the Board to be
15 equal to the employer's normal cost of the benefit, plus
16 interest.

17 In compliance with Section 14-152.1 added by Public Act
18 94-4, the cost of the benefits provided by Public Act 95-583
19 are offset by the required employee and employer contributions.

20 (t) Any person who rendered contractual services on a
21 full-time basis to the Illinois Institute of Natural Resources
22 and the Illinois Department of Energy and Natural Resources may
23 establish creditable service for up to 4 years of those
24 contractual services by making the contributions required
25 under this Section, plus an amount determined by the Board to
26 be equal to the employer's normal cost of the benefit plus

1 interest at the actuarially assumed rate from the first day of
2 the service for which credit is being established to the date
3 of payment. To establish credit under this subsection (t), the
4 applicant must apply to the System within 6 months after July
5 27, 2010 (the effective date of Public Act 96-1320).

6 (u) By paying the required contributions under this
7 Section, plus an amount determined by the Board to be equal to
8 the employer's normal cost of the benefit, plus interest, a
9 member may establish creditable service and earnings credit for
10 periods of furlough beginning on or after July 1, 2008. To
11 receive this credit, the participant must (i) apply in writing
12 to the System before December 31, 2011 and (ii) not receive
13 compensation for the furlough period. For service established
14 under this subsection, the required employee contribution
15 shall be based on the rate of compensation earned by the
16 employee immediately following the date of the first furlough
17 day in the time period specified in this subsection (u), and
18 the required interest shall be calculated at the actuarially
19 assumed rate from the date of the furlough to the date of
20 payment.

21 (v) Any member who rendered full-time contractual services
22 to an Illinois Veterans Home operated by the Department of
23 Veterans' Affairs may establish service credit for up to 8
24 years of such services by making the contributions required
25 under this Section, plus an amount determined by the Board to
26 be equal to the employer's normal cost of the benefit, plus

1 interest at the actuarially assumed rate. To establish credit
2 under this subsection, the applicant must apply to the System
3 no later than 6 months after July 27, 2010 (the effective date
4 of Public Act 96-1320).

5 (Source: P.A. 96-97, eff. 7-27-09; 96-718, eff. 8-25-09;
6 96-775, eff. 8-28-09; 96-961, eff. 7-2-10; 96-1000, eff.
7 7-2-10; 96-1320, eff. 7-27-10; 96-1535, eff. 3-4-11; 97-333,
8 8-12-11.)

9 (40 ILCS 5/14-152.1)

10 Sec. 14-152.1. Application and expiration of new benefit
11 increases.

12 (a) As used in this Section, "new benefit increase" means
13 an increase in the amount of any benefit provided under this
14 Article, or an expansion of the conditions of eligibility for
15 any benefit under this Article, that results from an amendment
16 to this Code that takes effect after June 1, 2005 (the
17 effective date of Public Act 94-4). "New benefit increase",
18 however, does not include any benefit increase resulting from
19 the changes made to this Article by Public Act 96-37, by Public
20 Act 98-599, or by this amendatory Act of the 99th General
21 Assembly ~~or by this amendatory Act of the 98th General~~
22 ~~Assembly.~~

23 (b) Notwithstanding any other provision of this Code or any
24 subsequent amendment to this Code, every new benefit increase
25 is subject to this Section and shall be deemed to be granted

1 only in conformance with and contingent upon compliance with
2 the provisions of this Section.

3 (c) The Public Act enacting a new benefit increase must
4 identify and provide for payment to the System of additional
5 funding at least sufficient to fund the resulting annual
6 increase in cost to the System as it accrues.

7 Every new benefit increase is contingent upon the General
8 Assembly providing the additional funding required under this
9 subsection. The Commission on Government Forecasting and
10 Accountability shall analyze whether adequate additional
11 funding has been provided for the new benefit increase and
12 shall report its analysis to the Public Pension Division of the
13 Department of Insurance. A new benefit increase created by a
14 Public Act that does not include the additional funding
15 required under this subsection is null and void. If the Public
16 Pension Division determines that the additional funding
17 provided for a new benefit increase under this subsection is or
18 has become inadequate, it may so certify to the Governor and
19 the State Comptroller and, in the absence of corrective action
20 by the General Assembly, the new benefit increase shall expire
21 at the end of the fiscal year in which the certification is
22 made.

23 (d) Every new benefit increase shall expire 5 years after
24 its effective date or on such earlier date as may be specified
25 in the language enacting the new benefit increase or provided
26 under subsection (c). This does not prevent the General

1 Assembly from extending or re-creating a new benefit increase
2 by law.

3 (e) Except as otherwise provided in the language creating
4 the new benefit increase, a new benefit increase that expires
5 under this Section continues to apply to persons who applied
6 and qualified for the affected benefit while the new benefit
7 increase was in effect and to the affected beneficiaries and
8 alternate payees of such persons, but does not apply to any
9 other person, including without limitation a person who
10 continues in service after the expiration date and did not
11 apply and qualify for the affected benefit while the new
12 benefit increase was in effect.

13 (Source: P.A. 98-599, eff. 6-1-14.)

14 Section 99. Effective date. This Act takes effect upon
15 becoming law.