

AN ACT in relation to public employee benefits.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Illinois Pension Code is amended by changing Sections 7-142.1, 7-156, 7-169, 7-172, and 7-173.1 as follows:

(40 ILCS 5/7-142.1) (from Ch. 108 1/2, par. 7-142.1)

Sec. 7-142.1. Sheriff's law enforcement employees.

(a) In lieu of the retirement annuity provided by subparagraph 1 of paragraph (a) of Section 7-142:

Any sheriff's law enforcement employee who has 20 or more years of service in that capacity and who terminates service prior to January 1, 1988 shall be entitled at his option to receive a monthly retirement annuity for his service as a sheriff's law enforcement employee computed by multiplying 2% for each year of such service up to 10 years, 2 1/4% for each year of such service above 10 years and up to 20 years, and 2 1/2% for each year of such service above 20 years, by his annual final rate of earnings and dividing by 12.

Any sheriff's law enforcement employee who has 20 or more years of service in that capacity and who terminates service on or after January 1, 1988 and before July 1, 2004 shall be entitled at his option to receive a monthly retirement annuity for his service as a sheriff's law enforcement employee computed by multiplying 2.5% for each year of such service up to 20 years, 2% for each year of such service above 20 years and up to 30 years, and 1% for each year of such service above 30 years, by his annual final rate of earnings and dividing by 12.

Any sheriff's law enforcement employee who has 20 or more years of service in that capacity and who terminates service on or after July 1, 2004 shall be entitled at his or her option to receive a monthly retirement annuity for service as a sheriff's

law enforcement employee computed by multiplying 2.5% for each year of such service by his annual final rate of earnings and dividing by 12.

If a sheriff's law enforcement employee has service in any other capacity, his retirement annuity for service as a sheriff's law enforcement employee may be computed under this Section and the retirement annuity for his other service under Section 7-142.

In no case shall the total monthly retirement annuity for persons who retire before July 1, 2004 exceed 75% of the monthly final rate of earnings. In no case shall the total monthly retirement annuity for persons who retire on or after July 1, 2004 exceed 80% of the monthly final rate of earnings.

(b) Whenever continued group insurance coverage is elected in accordance with the provisions of Section 367h of the Illinois Insurance Code, as now or hereafter amended, the total monthly premium for such continued group insurance coverage or such portion thereof as is not paid by the municipality shall, upon request of the person electing such continued group insurance coverage, be deducted from any monthly pension benefit otherwise payable to such person pursuant to this Section, to be remitted by the Fund to the insurance company or other entity providing the group insurance coverage.

(c) A sheriff's law enforcement employee who has service in any other capacity may convert up to 10 years of that service into service as a sheriff's law enforcement employee by paying to the Fund an amount equal to (1) the additional employee contribution required under Section 7-173.1, plus (2) the additional employer contribution required under Section 7-172, plus (3) interest on items (1) and (2) at the prescribed rate from the date of the service to the date of payment.

(d) The changes to subsections (a) and (b) of this Section made by this amendatory Act of the 94th General Assembly apply only to persons in service on or after July 1, 2004. In the case of such a person who begins to receive a retirement annuity before the effective date of this amendatory Act of the

94th General Assembly, the annuity shall be recalculated prospectively to reflect those changes, with the resulting increase beginning to accrue on the first annuity payment date following the effective date of this amendatory Act.

(Source: P.A. 85-941.)

(40 ILCS 5/7-156) (from Ch. 108 1/2, par. 7-156)

Sec. 7-156. Surviving spouse annuities - amount.

(a) The amount of surviving spouse annuity shall be:

1. Upon the death of an employee annuitant or such person entitled, upon application, to a retirement annuity at date of death, (i) an amount equal to 1/2 of the retirement annuity which was or would have been payable exclusive of the amount so payable which was provided from additional credits, and disregarding any election made under paragraph (b) of Section 7-142, plus (ii) an annuity which could be provided at the then attained age of the surviving spouse and under actuarial tables then in effect, from the excess of the additional credits, (excluding any such credits used to create a reversionary annuity) used to provide the annuity granted pursuant to paragraph (a) (2) of Section 7-142 of this article over the total annuity payments made pursuant thereto.

2. Upon the death of a participating employee on or after attainment of age 55, an amount equal to 1/2 of the retirement annuity which he could have had as of the date of death had he then retired and applied for annuity, exclusive of the portion thereof which could have been provided from additional credits, and disregarding paragraph (b) of Section 7-142, plus an amount equal to the annuity which could be provided from the total of his accumulated additional credits at date of death, on the basis of the attained age of the surviving spouse on such date.

3. Upon the death of a participating employee before age 55, an amount equal to 1/2 of the retirement annuity which he could have had as of his attained age on the date of death, had he then retired and applied for annuity, and the provisions of this Article that no such annuity shall begin until the

employee has attained at least age 55 were not applicable, exclusive of the portion thereof which could have been provided from additional credits and disregarding paragraph (b) of Section 7-142, plus an amount equal to the annuity which could be provided from the total of his accumulated additional credits at date of death, on the basis of the attained age of the surviving spouse on such date.

In the case of the surviving spouse of a person who dies before the effective date of this amendatory Act of the 94th General Assembly, if the ~~a~~ surviving spouse is more than 5 years younger than the deceased, that portion of the annuity which is not based on additional credits shall be reduced in the ratio of the value of a life annuity of \$1 per year at an age of 5 years less than the attained age of the deceased, at the earlier of the date of the death or the date his retirement annuity begins, to the value of a life annuity of \$1 per year at the attained age of the surviving spouse on such date, according to actuarial tables approved by the Board. This reduction does not apply to the surviving spouse of a person who dies on or after the effective date of this amendatory Act of the 94th General Assembly.

In computing the amount of a surviving spouse annuity, incremental increases of retirement annuities to the date of death of the employee annuitant shall be considered.

(b) Each surviving spouse annuity payable on January 1, 1988 shall be increased on that date by 3% of the original amount of the annuity. Each surviving spouse annuity that begins after January 1, 1988 shall be increased on the January 1 next occurring after the annuity begins, by an amount equal to (i) 3% of the original amount thereof if the deceased employee was receiving a retirement annuity at the time of his death; otherwise (ii) 0.167% of the original amount thereof for each complete month which has elapsed since the date the annuity began.

On each January 1 after the date of the initial increase under this subsection, each surviving spouse annuity shall be

increased by 3% of the originally granted amount of the annuity.

(Source: P.A. 85-941.)

(40 ILCS 5/7-169) (from Ch. 108 1/2, par. 7-169)

Sec. 7-169. Separation benefits; repayments.

(a) If an employee who has received a separation benefit subsequently becomes a participating employee, and renders at least 2 years of contributing service from the date of such re-entry, he may pay to the fund the amount of the separation benefit, plus interest at the effective rate for each year from the date of payment of the separation benefit to the date of repayment. Upon payment his creditable service shall be reinstated and the payment shall be credited to his account as normal contributions.

(b) Beginning July 1, 2004, the requirement of returning to service for at least 2 years does not apply to persons who return to service as a sheriff's law enforcement employee. This subsection applies only to persons in service on or after July 1, 2004. In the case of such a person who begins to receive a retirement annuity before the effective date of this amendatory Act of the 94th General Assembly, the annuity shall be recalculated prospectively to reflect any credits reinstated as a result of this subsection, with the resulting increase in annuity beginning to accrue on the first annuity payment date following the effective date of this amendatory Act, but not earlier than the date the repayment is received by the Fund.

(Source: P.A. 84-1028.)

(40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)

Sec. 7-172. Contributions by participating municipalities and participating instrumentalities.

(a) Each participating municipality and each participating instrumentality shall make payment to the fund as follows:

1. municipality contributions in an amount determined by applying the municipality contribution rate to each

payment of earnings paid to each of its participating employees;

2. an amount equal to the employee contributions provided by paragraphs (a) and (b) of Section 7-173, whether or not the employee contributions are withheld as permitted by that Section;

3. all accounts receivable, together with interest charged thereon, as provided in Section 7-209;

4. if it has no participating employees with current earnings, an amount payable which, over a period of 20 years beginning with the year following an award of benefit, will amortize, at the effective rate for that year, any negative balance in its municipality reserve resulting from the award. This amount when established will be payable as a separate contribution whether or not it later has participating employees.

(b) A separate municipality contribution rate shall be determined for each calendar year for all participating municipalities together with all instrumentalities thereof. The municipality contribution rate shall be determined for participating instrumentalities as if they were participating municipalities. The municipality contribution rate shall be the sum of the following percentages:

1. The percentage of earnings of all the participating employees of all participating municipalities and participating instrumentalities which, if paid over the entire period of their service, will be sufficient when combined with all employee contributions available for the payment of benefits, to provide all annuities for participating employees, and the \$3,000 death benefit payable under Sections 7-158 and 7-164, such percentage to be known as the normal cost rate.

2. The percentage of earnings of the participating employees of each participating municipality and participating instrumentalities necessary to adjust for the difference between the present value of all benefits,

excluding temporary and total and permanent disability and death benefits, to be provided for its participating employees and the sum of its accumulated municipality contributions and the accumulated employee contributions and the present value of expected future employee and municipality contributions pursuant to subparagraph 1 of this paragraph (b). This adjustment shall be spread over the remainder of the period that is allowable under generally accepted accounting principles.

3. The percentage of earnings of the participating employees of all municipalities and participating instrumentalities necessary to provide the present value of all temporary and total and permanent disability benefits granted during the most recent year for which information is available.

4. The percentage of earnings of the participating employees of all participating municipalities and participating instrumentalities necessary to provide the present value of the net single sum death benefits expected to become payable from the reserve established under Section 7-206 during the year for which this rate is fixed.

5. The percentage of earnings necessary to meet any deficiency arising in the Terminated Municipality Reserve.

(c) A separate municipality contribution rate shall be computed for each participating municipality or participating instrumentality for its sheriff's law enforcement employees.

A separate municipality contribution rate shall be computed for the sheriff's law enforcement employees of each forest preserve district that elects to have such employees. For the period from January 1, 1986 to December 31, 1986, such rate shall be the forest preserve district's regular rate plus 2%.

In the event that the Board determines that there is an actuarial deficiency in the account of any municipality with respect to a person who has elected to participate in the Fund under Section 3-109.1 of this Code, the Board may adjust the

municipality's contribution rate so as to make up that deficiency over such reasonable period of time as the Board may determine.

(d) The Board may establish a separate municipality contribution rate for all employees who are program participants employed under the federal Comprehensive Employment Training Act by all of the participating municipalities and instrumentalities. The Board may also provide that, in lieu of a separate municipality rate for these employees, a portion of the municipality contributions for such program participants shall be refunded or an extra charge assessed so that the amount of municipality contributions retained or received by the fund for all CETA program participants shall be an amount equal to that which would be provided by the separate municipality contribution rate for all such program participants. Refunds shall be made to prime sponsors of programs upon submission of a claim therefor and extra charges shall be assessed to participating municipalities and instrumentalities. In establishing the municipality contribution rate as provided in paragraph (b) of this Section, the use of a separate municipality contribution rate for program participants or the refund of a portion of the municipality contributions, as the case may be, may be considered.

(e) Computations of municipality contribution rates for the following calendar year shall be made prior to the beginning of each year, from the information available at the time the computations are made, and on the assumption that the employees in each participating municipality or participating instrumentality at such time will continue in service until the end of such calendar year at their respective rates of earnings at such time.

(f) Any municipality which is the recipient of State allocations representing that municipality's contributions for retirement annuity purposes on behalf of its employees as provided in Section 12-21.16 of the Illinois Public Aid Code

shall pay the allocations so received to the Board for such purpose. Estimates of State allocations to be received during any taxable year shall be considered in the determination of the municipality's tax rate for that year under Section 7-171. If a special tax is levied under Section 7-171, none of the proceeds may be used to reimburse the municipality for the amount of State allocations received and paid to the Board. Any multiple-county or consolidated health department which receives contributions from a county under Section 11.2 of "An Act in relation to establishment and maintenance of county and multiple-county health departments", approved July 9, 1943, as amended, or distributions under Section 3 of the Department of Public Health Act, shall use these only for municipality contributions by the health department.

(g) Municipality contributions for the several purposes specified shall, for township treasurers and employees in the offices of the township treasurers who meet the qualifying conditions for coverage hereunder, be allocated among the several school districts and parts of school districts serviced by such treasurers and employees in the proportion which the amount of school funds of each district or part of a district handled by the treasurer bears to the total amount of all school funds handled by the treasurer.

From the funds subject to allocation among districts and parts of districts pursuant to the School Code, the trustees shall withhold the proportionate share of the liability for municipality contributions imposed upon such districts by this Section, in respect to such township treasurers and employees and remit the same to the Board.

The municipality contribution rate for an educational service center shall initially be the same rate for each year as the regional office of education or school district which serves as its administrative agent. When actuarial data become available, a separate rate shall be established as provided in subparagraph (i) of this Section.

The municipality contribution rate for a public agency,

other than a vocational education cooperative, formed under the Intergovernmental Cooperation Act shall initially be the average rate for the municipalities which are parties to the intergovernmental agreement. When actuarial data become available, a separate rate shall be established as provided in subparagraph (i) of this Section.

(h) Each participating municipality and participating instrumentality shall make the contributions in the amounts provided in this Section in the manner prescribed from time to time by the Board and all such contributions shall be obligations of the respective participating municipalities and participating instrumentalities to this fund. The failure to deduct any employee contributions shall not relieve the participating municipality or participating instrumentality of its obligation to this fund. Delinquent payments of contributions due under this Section may, with interest, be recovered by civil action against the participating municipalities or participating instrumentalities. Municipality contributions, other than the amount necessary for employee contributions and Social Security contributions, for periods of service by employees from whose earnings no deductions were made for employee contributions to the fund, may be charged to the municipality reserve for the municipality or participating instrumentality.

(i) Contributions by participating instrumentalities shall be determined as provided herein except that the percentage derived under subparagraph 2 of paragraph (b) of this Section, and the amount payable under subparagraph 5 of paragraph (a) of this Section, shall be based on an amortization period of 10 years.

(j) Notwithstanding the other provisions of this Section, the additional unfunded liability accruing as a result of this amendatory Act of the 94th General Assembly shall be amortized over a period of 30 years beginning on January 1 of the second calendar year following the calendar year in which this amendatory Act takes effect, except that the employer may

provide for a longer amortization period by adopting a resolution or ordinance specifying a 35-year or 40-year period and submitting a certified copy of the ordinance or resolution to the fund no later than June 1 of the calendar year following the calendar year in which this amendatory Act takes effect.

(Source: P.A. 92-424, eff. 8-17-01.)

(40 ILCS 5/7-173.1) (from Ch. 108 1/2, par. 7-173.1)

Sec. 7-173.1. Additional contribution by sheriff's law enforcement employees.

(a) Each sheriff's law enforcement employee shall make an additional contribution of 1% of earnings, which shall be considered as normal contributions. For earnings on or after July 1, 1988, the additional contribution shall be 2% of earnings. For earnings on or after the effective date of this amendatory Act of the 94th General Assembly, the additional contribution shall be 3% of earnings; this increase is intended to defray the employee's portion of the cost of the benefit increases provided by this amendatory Act of the 94th General Assembly.

This additional contribution shall be payable for retroactive service periods which the employee elects to establish and to periods of authorized leave of absence.

(b) If the employee is awarded a retirement annuity under Section 7-142 and not under Section 7-142.1, then the additional contribution required under this Section shall be refunded with interest or paid as provided in subsection (c). If the employee returns to a participating status as a sheriff's law enforcement employee, the employee may repay the amount refunded with interest and upon subsequent retirement be entitled to a recomputation of the retirement annuity under Section 7-142.1 if the total service as a sheriff's law enforcement employee meets the requirements of that Section.

(c) Instead of a refund under subsection (b), the retiring employee may elect to convert the amount of the refund into an annuity, payable separately from the retirement annuity. If the

annuitant dies before the guaranteed amount has been distributed, the remainder shall be paid in a lump sum to the designated beneficiary of the annuitant. The Board shall adopt any rules necessary for the implementation of this subsection.

(Source: P.A. 90-766, eff. 8-14-98.)

Section 90. The State Mandates Act is amended by adding Section 8.29 as follows:

(30 ILCS 805/8.29 new)

Sec. 8.29. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 94th General Assembly.