



Sen. A. J. Wilhelmi

Filed: 3/13/2007

09500SB0610sam004

LRB095 10697 AMC 33489 a

1 AMENDMENT TO SENATE BILL 610

2 AMENDMENT NO. _____. Amend Senate Bill 610 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Sections 7-142, 7-144.3, 7-172, and 7-173 and adding
6 Section 7-173.3 as follows:

7 (40 ILCS 5/7-142) (from Ch. 108 1/2, par. 7-142)

8 Sec. 7-142. Retirement annuities - Amount.

9 (a) The amount of a retirement annuity shall be the sum of
10 the following, determined in accordance with the actuarial
11 tables in effect at the time of the grant of the annuity:

12 1. For employees with 8 or more years of service, an
13 annuity computed pursuant to subparagraphs a or b of this
14 subparagraph 1, whichever is the higher, and for employees
15 with less than 8 years of service the annuity computed
16 pursuant to subparagraph a:

1 a. The monthly annuity which can be provided from
2 the total accumulated normal, municipality and prior
3 service credits, as of the attained age of the employee
4 on the date the annuity begins provided that such
5 annuity shall not exceed 75% of the final rate of
6 earnings of the employee.

7 b. ~~(i)~~ The monthly annuity amount determined as
8 follows:

9 (i) For unaugmented creditable service, by
10 ~~multiplying (a) 1 2/3% for annuitants with not more~~
11 ~~than 15 years or (b) 1 2/3% of the employee's final~~
12 ~~rate of earnings for each of the first 15 years of~~
13 ~~creditable service and 2% for each year in excess~~
14 ~~of 15 years, with any remaining fraction of a year~~
15 ~~for annuitants with more than 15 years by the~~
16 ~~number of years plus fractional years, prorated on~~
17 ~~the a basis of months of creditable service and~~
18 ~~multiply the product thereof by the employee's~~
19 ~~final rate of earnings.~~

20 For creditable service by a member employed by
21 a participating employer that has filed with the
22 Board of the Fund a resolution or ordinance
23 expressly authorizing an augmented retirement
24 annuity that is earned on or after the filing of
25 the resolution or ordinance and creditable service
26 earned before that date that has been augmented as

1 provided in Section 7-173.3, 1.96% of the
2 employee's final rate of earnings for each of the
3 first 15 years of creditable service, and 2.28% for
4 each year in excess of 15 years with any remaining
5 fraction of a year prorated on the basis of months.
6 A municipality's authorization for an augmented
7 retirement annuity under this item (i) is
8 irrevocable.

9 (ii) For the sole purpose of computing the
10 formula (and not for the purposes of the
11 limitations hereinafter stated) \$125 shall be
12 considered the final rate of earnings in all cases
13 where the final rate of earnings is less than such
14 amount.

15 (iii) The monthly annuity computed in
16 accordance with this subparagraph b~~7~~ shall not
17 exceed an amount equal to 75% of the final rate of
18 earnings.

19 (iv) For employees who have less than 35
20 years of service, the annuity computed in
21 accordance with this subparagraph b (as reduced by
22 application of subparagraph (iii) above) shall be
23 reduced by 0.25% thereof (0.5% if service was
24 terminated before January 1, 1988) for each month
25 or fraction thereof (1) that the employee's age is
26 less than 60 years, or (2) if the employee has at

1 least 30 years of service credit, that the
2 employee's service credit is less than 35 years,
3 whichever is less, on the date the annuity begins.

4 2. The annuity which can be provided from the total
5 accumulated additional credits as of the attained age of
6 the employee on the date the annuity begins.

7 (b) If payment of an annuity begins prior to the earliest
8 age at which the employee will become eligible for an old age
9 insurance benefit under the Federal Social Security Act, he may
10 elect that the annuity payments from this fund shall exceed
11 those payable after his attaining such age by an amount,
12 computed as determined by rules of the Board, but not in excess
13 of his estimated Social Security Benefit, determined as of the
14 effective date of the annuity, provided that in no case shall
15 the total annuity payments made by this fund exceed in
16 actuarial value the annuity which would have been payable had
17 no such election been made.

18 (c) The retirement annuity shall be increased each year by
19 2%, not compounded, of the monthly amount of annuity, taking
20 into consideration any adjustment under paragraph (b) of this
21 Section. This increase shall be effective each January 1 and
22 computed from the effective date of the retirement annuity, the
23 first increase being .167% of the monthly amount times the
24 number of months from the effective date to January 1.
25 Beginning January 1, 1984 and thereafter, the retirement
26 annuity shall be increased by 3% each year, not compounded.

1 This increase shall not be applicable to annuitants who are not
2 in service on or after September 8, 1971.

3 (Source: P.A. 91-357, eff. 7-29-99.)

4 (40 ILCS 5/7-144.3) (from Ch. 108 1/2, par. 7-144.3)

5 Sec. 7-144.3. Supplemental benefit payment.

6 (a) A supplemental benefit payment, consisting of a sum
7 calculated as provided in subsection (c), shall be payable to
8 each eligible retirement annuitant and surviving spouse
9 annuitant on July 1, 1993, and on each subsequent July 1;
10 except that if this Code is amended to change the un compounded
11 annual increase in retirement annuity granted in subsection (c)
12 of Section 7-142 to a compounded annual increase, no
13 supplemental benefit shall be paid under this Section on any
14 July 1 occurring on or after the effective date of that
15 amendment. The amount of the supplemental benefit payment, and
16 a person's eligibility to receive the supplemental benefit
17 payment, shall be redetermined for each year in which the
18 benefit is payable.

19 (b) To be eligible to receive a supplemental benefit
20 payment, a person must be entitled to receive a retirement
21 annuity or surviving spouse annuity from the Fund on the July 1
22 supplemental benefit payment date, and must have been receiving
23 that annuity during each of the 12 months immediately preceding
24 that date; except that a surviving spouse annuitant whose
25 surviving spouse annuity began less than one year before the

1 July 1 supplemental benefit payment date shall be eligible if
2 the deceased spouse received a retirement annuity from the Fund
3 during the period from the previous July 1 until the start of
4 the surviving spouse annuity.

5 (c) The amount of the supplemental benefit payment shall be
6 determined by the Board as follows:

7 (1) The total amount available for the payment of
8 supplemental benefit payments under this Section in any
9 year shall be 0.62% or, for employers with augmented
10 benefits, 0.73% of the last annual participating payroll
11 for all participating municipalities and participating
12 instrumentalities in the Fund, as determined and
13 reconciled by the Fund.

14 (2) The amount of the supplemental benefit payment to
15 each eligible person shall be a portion of the total amount
16 available under paragraph (1), equal to that portion of the
17 total amount payable by the Fund to all eligible persons
18 for retirement and surviving spouse annuities in the June
19 preceding the July 1 supplemental benefit payment date,
20 that is payable to the eligible person in that month.

21 (3) Notwithstanding paragraph (2), the amount of any
22 supplemental benefit payment paid to an annuitant under
23 this Section shall not exceed any benefit limitations
24 established by the federal government for qualified public
25 pension plans.

26 (Source: P.A. 87-850.)

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

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

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

6 1. municipality contributions in an amount determined
7 by applying the municipality contribution rate to each
8 payment of earnings paid to each of its participating
9 employees;

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

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

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

24 (b) A separate municipality contribution rate shall be
25 determined for each calendar year for all participating

1 municipalities together with all instrumentalities thereof.
2 The municipality contribution rate shall be determined for
3 participating instrumentalities as if they were participating
4 municipalities. The municipality contribution rate shall be
5 the sum of the following percentages:

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

15 2. The percentage of earnings of the participating
16 employees of each participating municipality and
17 participating instrumentalities necessary to adjust for
18 the difference between the present value of all benefits,
19 excluding temporary and total and permanent disability and
20 death benefits, to be provided for its participating
21 employees and the sum of its accumulated municipality
22 contributions and the accumulated employee contributions
23 and the present value of expected future employee and
24 municipality contributions pursuant to subparagraph 1 of
25 this paragraph (b). This adjustment shall be spread over
26 the remainder of the period that is allowable under

1 generally accepted accounting principles.

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

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

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

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

19 A separate municipality contribution rate shall be
20 computed for the sheriff's law enforcement employees of each
21 forest preserve district that elects to have such employees.
22 For the period from January 1, 1986 to December 31, 1986, such
23 rate shall be the forest preserve district's regular rate plus
24 2%.

25 In the event that the Board determines that there is an
26 actuarial deficiency in the account of any municipality with

1 respect to a person who has elected to participate in the Fund
2 under Section 3-109.1 of this Code, the Board may adjust the
3 municipality's contribution rate so as to make up that
4 deficiency over such reasonable period of time as the Board may
5 determine.

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

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

9 (f) Any municipality which is the recipient of State
10 allocations representing that municipality's contributions for
11 retirement annuity purposes on behalf of its employees as
12 provided in Section 12-21.16 of the Illinois Public Aid Code
13 shall pay the allocations so received to the Board for such
14 purpose. Estimates of State allocations to be received during
15 any taxable year shall be considered in the determination of
16 the municipality's tax rate for that year under Section 7-171.
17 If a special tax is levied under Section 7-171, none of the
18 proceeds may be used to reimburse the municipality for the
19 amount of State allocations received and paid to the Board. Any
20 multiple-county or consolidated health department which
21 receives contributions from a county under Section 11.2 of "An
22 Act in relation to establishment and maintenance of county and
23 multiple-county health departments", approved July 9, 1943, as
24 amended, or distributions under Section 3 of the Department of
25 Public Health Act, shall use these only for municipality
26 contributions by the health department.

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

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

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

22 The municipality contribution rate for a public agency,
23 other than a vocational education cooperative, formed under the
24 Intergovernmental Cooperation Act shall initially be the
25 average rate for the municipalities which are parties to the
26 intergovernmental agreement. When actuarial data become

1 available, a separate rate shall be established as provided in
2 subparagraph (i) of this Section.

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

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

1 (j) Notwithstanding the other provisions of this Section,
2 the additional unfunded liability accruing as a result of this
3 amendatory Act of the 94th General Assembly shall be amortized
4 over a period of 30 years beginning on January 1 of the second
5 calendar year following the calendar year in which this
6 amendatory Act takes effect, except that the employer may
7 provide for a longer amortization period by adopting a
8 resolution or ordinance specifying a 35-year or 40-year period
9 and submitting a certified copy of the ordinance or resolution
10 to the fund no later than June 1 of the calendar year following
11 the calendar year in which this amendatory Act takes effect.

12 (k) The contribution rate of an employer who authorizes
13 augmented retirement annuities shall be calculated as provided
14 in paragraph 1 of subsection (b) of this Section. The moneys in
15 an employer's municipal reserve for augmented retirement
16 benefits shall be kept separated from the moneys in the
17 municipal reserve for unaugmented retirement benefits.

18 (Source: P.A. 94-712, eff. 6-1-06.)

19 (40 ILCS 5/7-173) (from Ch. 108 1/2, par. 7-173)

20 Sec. 7-173. Contributions by employees.

21 (a) Each participating employee shall make contributions
22 to the fund as follows:

23 1. For retirement annuity purposes, for unaugmented
24 service, normal contributions of 3 3/4% of earnings and,
25 for augmented service, 3 3/4% of earnings plus an amount

1 the governing body deems necessary to support the augmented
2 service authorized by this amendatory Act of the 95th
3 General Assembly, which may not exceed an additional 3% of
4 earnings.

5 2. Additional contributions of such percentages of
6 each payment of earnings, as shall be elected by the
7 employee for retirement annuity purposes, but not in excess
8 of 10%. The selected rate shall be applicable to all
9 earnings beginning on the first day of the second month
10 following receipt by the Board of written notice of
11 election to make such contributions. Additional
12 contributions at the selected rate shall be made
13 concurrently with normal contributions.

14 3. Survivor contributions, by each participating
15 employee, of 3/4% of each payment of earnings.

16 (b) Each employee shall make contributions to the fund for
17 federal Social Security taxes, for periods during which he is a
18 covered employee, as required by the Social Security Enabling
19 Act. For participating employees, such contributions shall be
20 in addition to those required under paragraph (a) of this
21 Section.

22 (c) Contributions shall be deducted from each
23 corresponding payment of earnings paid to each employee and
24 shall be remitted to the board by the participating
25 municipality or participating instrumentality making such
26 payment. The remittance, together with a report of the earnings

1 and contributions shall be made as directed by the board. For
2 township treasurers and employees of township treasurers
3 qualifying as employees hereunder, the contributions herein
4 required as deductions from salary shall be withheld by the
5 school township trustees from funds available for the payment
6 of the compensation of such treasurers and employees as
7 provided in the School Code and remitted to the board.

8 (d) An employee who has made additional contributions under
9 paragraph (a)2 of this Section may upon retirement or at any
10 time prior thereto, elect to withdraw the total of such
11 additional contributions including interest credited thereon
12 to the end of the preceding calendar year.

13 (e) Failure to make the deductions for employee
14 contributions provided in paragraph (c) of this Section shall
15 not relieve the employee from liability for such contributions.
16 The amount of such liability may be deducted, with interest
17 charged under Section 7-209, from any annuities or benefits
18 payable hereunder to the employee or any other person receiving
19 an annuity or benefit by reason of such employee's
20 participation.

21 (f) A participating employee who has at least 40 years of
22 creditable service in the Fund may elect to cease making the
23 contributions required under this Section. The status of the
24 employee under this Article shall be unaffected by this
25 election, except that the employee shall not receive any
26 additional creditable service for the periods of employment

1 following the election. An election under this subsection
2 relieves the employer from making additional employer
3 contributions in relation to that employee.

4 (Source: P.A. 87-1265.)

5 (40 ILCS 5/7-173.3 new)

6 Sec. 7-173.3. Optional contribution for augmented
7 retirement formula.

8 (a) A member of the Fund may qualify for the augmented rate
9 under subdivision (a)1.b.(i) of Section 7-142 for all years of
10 creditable service earned before the filing of a resolution or
11 ordinance by his or her employer authorizing augmented service
12 by making the optional contribution specified in subsection (b)
13 of this Section. A member may not elect to qualify for the
14 augmented rate for only a portion of his or her creditable
15 service earned before the filing of the resolution or
16 ordinance.

17 (b) The contribution shall be an amount the Board deems
18 necessary to pay the true cost to the Fund of the creditable
19 service converted to augmented service as authorized by this
20 amendatory Act of the 95th General Assembly, expressed in a
21 percentage of the member's salary rate during the 12
22 consecutive months immediately prior to but not including the
23 year in which the application occurs, multiplied by the number
24 of years of creditable service earned by the member before the
25 filing of the resolution or ordinance. The Board shall

1 establish the method for calculating true cost taking into
2 account the appropriate actuarial assumptions; the employee's
3 service, age, and salary history; and any other factors that
4 the Board determines to be relevant.

5 The contribution required by this subsection shall be paid
6 in one of the following ways or in a combination of the
7 following ways that does not extend over more than 5 years:

8 (i) in a lump sum on or before the date of retirement;

9 (ii) in substantially equal installments over a period
10 of time not to exceed 5 years, as a deduction from salary;

11 (iii) in substantially equal monthly installments over
12 a 24-month period, by reducing the annuitant's monthly
13 benefit over a 24-month period by the amount of the
14 otherwise applicable contribution. For federal and
15 Illinois tax purposes, the monthly amount by which the
16 annuitant's benefit is reduced shall not be treated as a
17 contribution by the annuitant, but rather as a reduction of
18 the annuitant's monthly benefit.

19 (c) If the member fails to make the full contribution under
20 this Section in a timely fashion, the payments made under this
21 Section shall be refunded to the member, without interest. If
22 the member dies before making the full contribution, the
23 payments made under this Section, together with regular
24 interest thereon, shall be refunded to the member's designated
25 beneficiary.

26 (d) For purposes of this Section and the retirement formula

1 in Section 7-142, optional creditable service established by a
2 member shall be deemed to have been earned at the time of the
3 employment or other qualifying event upon which the service is
4 based, rather than at the time the credit was established in
5 this Fund.

6 (e) The contributions required under this Section are the
7 responsibility of the employee and not the employer. However,
8 an employer may specifically agree, through collective
9 bargaining or otherwise, to make the contributions required by
10 this Section on behalf of its employees.

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