



## 96TH GENERAL ASSEMBLY

### State of Illinois

### 2009 and 2010

### SB2554

Introduced 1/13/2010, by Sen. Iris Y. Martinez

#### SYNOPSIS AS INTRODUCED:

|                      |                              |
|----------------------|------------------------------|
| 40 ILCS 5/7-141      | from Ch. 108 1/2, par. 7-141 |
| 40 ILCS 5/7-144      | from Ch. 108 1/2, par. 7-144 |
| 40 ILCS 5/7-173      | from Ch. 108 1/2, par. 7-173 |
| 30 ILCS 805/8.34 new |                              |

Amends the IMRF Article of the Illinois Pension Code. Makes changes concerning conditions under which a person may return to employment and continue to receive his or her annuity. Provides that the selected rate of payment of earnings as additional contributions for retirement annuity purposes shall be applicable to all earning paid (rather than earnings beginning on the first day of the second month) following receipt by the Board of written notice of election to make such contributions. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB096 15969 AMC 31214 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

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 7-141, 7-144, and 7-173 as follows:

6 (40 ILCS 5/7-141) (from Ch. 108 1/2, par. 7-141)

7 Sec. 7-141. Retirement annuities - Conditions. Retirement  
8 annuities shall be payable as hereinafter set forth:

9 (a) A participating employee who, regardless of cause, is  
10 separated from the service of all participating municipalities  
11 and instrumentalities thereof and participating  
12 instrumentalities shall be entitled to a retirement annuity  
13 provided:

14 1. He is at least age 55, or in the case of a person who  
15 is eligible to have his annuity calculated under Section  
16 7-142.1, he is at least age 50;

17 2. He is ~~(i) an employee who was employed by any~~  
18 ~~participating municipality or participating~~  
19 ~~instrumentality which had not elected to exclude persons~~  
20 ~~employed in positions normally requiring performance of~~  
21 ~~duty for less than 1000 hours per year or was employed in a~~  
22 ~~position normally requiring performance of duty for 600~~  
23 ~~hours or more per year prior to such election by any~~

1 ~~participating municipality or participating~~  
2 ~~instrumentality included in and subject to this Article on~~  
3 ~~or before the effective date of this amendatory Act of 1981~~  
4 ~~which made such election and is not entitled to receive~~  
5 ~~earnings for employment in a position normally requiring~~  
6 ~~performance of duty for 600 hours or more per year for any~~  
7 ~~participating municipality and instrumentalities thereof~~  
8 ~~and participating instrumentality; or (ii) an employee who~~  
9 ~~was employed only by a participating municipality or~~  
10 ~~participating instrumentality, or participating~~  
11 ~~municipalities or participating instrumentalities, which~~  
12 ~~have elected to exclude persons in positions normally~~  
13 ~~requiring performance of duty for less than 1000 hours per~~  
14 ~~year after the effective date of such exclusion or which~~  
15 ~~are included under and subject to the Article after the~~  
16 ~~effective date of this amendatory Act of 1981 and elects to~~  
17 ~~exclude persons in such positions, and is not entitled to~~  
18 receive earnings for employment in a position requiring him  
19 to be a participating employee normally requiring  
20 performance of duty for 1000 hours or more per year by such  
21 a participating municipality or participating  
22 instrumentality;

23 3. The amount of his annuity, before the application of  
24 paragraph (b) of Section 7-142 is at least \$10 per month;

25 4. If he first became a participating employee after  
26 December 31, 1961, he has at least 8 years of service. This

1 service requirement shall not apply to any participating  
2 employee, regardless of participation date, if the General  
3 Assembly terminates the Fund.

4 (b) Retirement annuities shall be payable:

5 1. As provided in Section 7-119;

6 2. Except as provided in item 3, upon receipt by the  
7 fund of a written application. The effective date may be  
8 not more than one year prior to the date of the receipt by  
9 the fund of the application;

10 3. Upon attainment of age 70 1/2 if the member (i) is  
11 no longer in service, and (ii) is otherwise entitled to an  
12 annuity under this Article;

13 4. To the beneficiary of the deceased annuitant for the  
14 unpaid amount accrued to date of death, if any.

15 (Source: P.A. 91-887, eff. 7-6-00.)

16 (40 ILCS 5/7-144) (from Ch. 108 1/2, par. 7-144)

17 Sec. 7-144. Retirement annuities-Suspended during  
18 employment.

19 (a) ~~(1) If any person described in clause (i) of subsection~~  
20 ~~(a) 2 of Section 7-141 receiving any annuity again becomes an~~  
21 ~~employee and receives earnings from employment in a position~~  
22 ~~normally requiring performance of duty during 600 hours or more~~  
23 ~~per year for any participating municipality and~~  
24 ~~instrumentalities thereof or participating instrumentality; or~~  
25 ~~(2) if any person described in clause (ii) of subsection (a) 2~~

1 ~~of Section 7-141 receiving any annuity returns to employment in~~  
2 ~~a position requiring him, or entitling him to elect,~~ to become  
3 a participating employee, ~~+~~ then the annuity payable to such  
4 employee shall be suspended as of the 1st day of the month  
5 coincidental with or next following the date upon which such  
6 person becomes such an employee. Upon proper qualification of  
7 the participating employee payment of such annuity may be  
8 resumed on the 1st day of the month following such  
9 qualification and upon proper application therefor. The  
10 participating employee in such case shall be entitled to a  
11 supplemental annuity arising from service and credits earned  
12 subsequent to such re-entry as a participating employee.

13 (b) Supplemental annuities to persons who return to service  
14 for less than 48 months shall be computed under the provisions  
15 of Sections 7-141, 7-142 and 7-143. In determining whether an  
16 employee is eligible for an annuity which requires a minimum  
17 period of service, his entire period of service shall be taken  
18 into consideration but the supplemental annuity shall be based  
19 on earnings and service in the supplemental period only. The  
20 effective date of the suspended and supplemental annuity for  
21 the purpose of increases after retirement shall be considered  
22 to be the effective date of the suspended annuity.

23 (c) Supplemental annuities to persons who return to service  
24 for 48 months or more shall be a monthly amount determined as  
25 follows:

26 (1) An amount shall be computed under subparagraph b of

1 paragraph (1) of subsection (a) of Section 7-142,  
2 considering all of the service credits of the employee;

3 (2) The actuarial value in monthly payments for life of  
4 the annuity payments made before suspension shall be  
5 determined and subtracted from the amount determined in (1)  
6 above;

7 (3) The monthly amount of the suspended annuity, with  
8 any applicable increases after retirement computed from  
9 the effective date to the date of reinstatement, shall be  
10 subtracted from the amount determined in (2) above and the  
11 remainder shall be the amount of the supplemental annuity  
12 provided that this amount shall not be less than the amount  
13 computed under subsection (b) of this Section.

14 (4) The suspended annuity shall be reinstated at an  
15 amount including any increases after retirement from the  
16 effective date to date of reinstatement.

17 (5) The effective date of the combined suspended and  
18 supplemental annuities for the purposes of increases after  
19 retirement shall be considered to be the effective date of  
20 the supplemental annuity.

21 (Source: P.A. 82-459.)

22 (40 ILCS 5/7-173) (from Ch. 108 1/2, par. 7-173)  
23 Sec. 7-173. Contributions by employees.

24 (a) Each participating employee shall make contributions  
25 to the fund as follows:

1           1. For retirement annuity purposes, normal  
2 contributions of 3 3/4% of earnings.

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

12           3. Survivor contributions, by each participating  
13 employee, of 3/4% of each payment of earnings.

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

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

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

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

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

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

1 contributions in relation to that employee.

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

3 Section 90. The State Mandates Act is amended by adding  
4 Section 8.34 as follows:

5 (30 ILCS 805/8.34 new)

6 Sec. 8.34. Exempt mandate. Notwithstanding Sections 6 and 8  
7 of this Act, no reimbursement by the State is required for the  
8 implementation of any mandate created by this amendatory Act of  
9 the 96th General Assembly.

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