

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 15-110 and 15-111 and by adding Section 15-111.5 as
6 follows:

7 (40 ILCS 5/15-110) (from Ch. 108 1/2, par. 15-110)

8 Sec. 15-110. Basic compensation. "Basic compensation":
9 Subject to Section 15-111.5, the ~~The~~ gross basic rate of salary
10 or wages payable by an employer, including:

11 (1) the value of maintenance, board, living quarters,
12 personal laundry or other allowances furnished in lieu of
13 salary which are considered gross income under the federal
14 ~~Federal~~ Internal Revenue Code of 1986, as amended;~~7~~

15 (2) the employee contributions required under Section
16 15-157;~~7~~ and

17 (3) the amount paid by any employer to a custodial
18 account for investment in regulated investment company
19 stocks for the benefit of the employee pursuant to the
20 University Employees Custodial Accounts Act; "An Act in
21 ~~relation to payments to custodial accounts for the benefit~~
22 ~~of employees of public institutions of higher education",~~
23 ~~approved September 9, 1983, and~~

1 (4) the amount of the premium payable by any employer
2 to an insurance company or companies on an annuity
3 contract, pursuant to the employee's election to accept a
4 reduction in earnings or forego an increase in earnings
5 under Section 30c of the State Finance Act ~~"An Act in~~
6 ~~relation to State Finance,"~~ approved June 10, 1919, as
7 amended, or a tax-sheltered annuity plan approved by any
8 employer; and

9 (5) the amount of any elective deferral to a deferred
10 compensation plan established under Article 24 of this Code
11 pursuant to Section 457(b) of the federal Internal Revenue
12 Code of 1986, as amended.

13 Basic compensation does not include (1) salary or wages for
14 overtime or other extra service; (2) prospective salary or
15 wages under a summer teaching contract not yet entered upon;
16 and (3) overseas differential allowances, quarters allowances,
17 post allowances, educational allowances and transportation
18 allowances paid by an employer under a contract with the
19 federal government or its agencies for services rendered in
20 other countries. If an employee elects to receive in lieu of
21 cash salary or wages, fringe benefits which are not taxable
22 under the federal ~~Federal~~ Internal Revenue Code of 1986, as
23 amended, the amount of the cash salary or wages which is waived
24 shall be included in determining basic compensation.

25 (Source: P.A. 84-1308.)

1 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)
2 (Text of Section WITHOUT the changes made by P.A. 98-599,
3 which has been held unconstitutional)
4 Sec. 15-111. Earnings.

5 (a) "Earnings": Subject to Section 15-111.5, an ~~An~~ amount
6 paid for personal services equal to the sum of the basic
7 compensation plus extra compensation for summer teaching,
8 overtime or other extra service. For periods for which an
9 employee receives service credit under subsection (c) of
10 Section 15-113.1 or Section 15-113.2, earnings are equal to the
11 basic compensation on which contributions are paid by the
12 employee during such periods. Compensation for employment
13 which is irregular, intermittent and temporary shall not be
14 considered earnings, unless the participant is also receiving
15 earnings from the employer as an employee under Section 15-107.

16 With respect to transition pay paid by the University of
17 Illinois to a person who was a participating employee employed
18 in the fire department of the University of Illinois's
19 Champaign-Urbana campus immediately prior to the elimination
20 of that fire department:

21 (1) "Earnings" includes transition pay paid to the
22 employee on or after the effective date of this amendatory
23 Act of the 91st General Assembly.

24 (2) "Earnings" includes transition pay paid to the
25 employee before the effective date of this amendatory Act
26 of the 91st General Assembly only if (i) employee

1 contributions under Section 15-157 have been withheld from
2 that transition pay or (ii) the employee pays to the System
3 before January 1, 2001 an amount representing employee
4 contributions under Section 15-157 on that transition pay.
5 Employee contributions under item (ii) may be paid in a
6 lump sum, by withholding from additional transition pay
7 accruing before January 1, 2001, or in any other manner
8 approved by the System. Upon payment of the employee
9 contributions on transition pay, the corresponding
10 employer contributions become an obligation of the State.

11 (b) For a Tier 2 member, the annual earnings shall not
12 exceed \$106,800; however, that amount shall annually
13 thereafter be increased by the lesser of (i) 3% of that amount,
14 including all previous adjustments, or (ii) one half the annual
15 unadjusted percentage increase (but not less than zero) in the
16 consumer price index-u for the 12 months ending with the
17 September preceding each November 1, including all previous
18 adjustments.

19 For the purposes of this Section, "consumer price index u"
20 means the index published by the Bureau of Labor Statistics of
21 the United States Department of Labor that measures the average
22 change in prices of goods and services purchased by all urban
23 consumers, United States city average, all items, 1982-84 =
24 100. The new amount resulting from each annual adjustment shall
25 be determined by the Public Pension Division of the Department
26 of Insurance and made available to the boards of the retirement

1 systems and pension funds by November 1 of each year.

2 (Source: P.A. 98-92, eff. 7-16-13.)

3 (40 ILCS 5/15-111.5 new)

4 Sec. 15-111.5. Basic compensation and earnings
5 restrictions. For an employee who first becomes a participant
6 on or after the effective date of this amendatory Act of the
7 99th General Assembly, basic compensation under Section 15-110
8 and earnings under Section 15-111 shall not include housing
9 allowances, vehicle allowances, or club memberships dues.

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