



## 99TH GENERAL ASSEMBLY

### State of Illinois

2015 and 2016

HB4585

by Rep. Jeanne M Ives

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/15-110

from Ch. 108 1/2, par. 15-110

Amends the State Universities Article of the Illinois Pension Code. Provides that for an employee who becomes a participant on or after the effective date of the amendatory Act, "basic compensation" does not include (1) the value of maintenance, board, living quarters, personal laundry, or other allowances furnished in lieu of salary which are considered gross income under the Internal Revenue Code; (2) certain employee contributions to the System; (3) certain employer contributions to a custodial account; and (4) fringe benefits that an employee elects to receive, in lieu of cash salary or wages, that are not taxable under the Internal Revenue Code. Effective immediately.

LRB099 16461 RPS 40795 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 Section 15-110 as follows:

6 (40 ILCS 5/15-110) (from Ch. 108 1/2, par. 15-110)

7 Sec. 15-110. Basic compensation. "Basic compensation":

8 (a) For an employee who first became a participant before  
9 the effective date of this amendatory Act of the 99th General  
10 Assembly, "basic compensation" means the ~~The~~ gross basic rate  
11 of salary or wages payable by an employer, including the value  
12 of maintenance, board, living quarters, personal laundry or  
13 other allowances furnished in lieu of salary which are  
14 considered gross income under the Federal Internal Revenue  
15 Code, the employee contributions required under Section  
16 15-157, and the amount paid by any employer to a custodial  
17 account for investment in regulated investment company stocks  
18 for the benefit of the employee pursuant to the University  
19 Employees Custodial Accounts Act ~~"An Act in relation to~~  
20 ~~payments to custodial accounts for the benefit of employees of~~  
21 ~~public institutions of higher education", approved September~~  
22 ~~9, 1983,~~ and the amount of the premium payable by any employer  
23 to an insurance company or companies on an annuity contract,

1 pursuant to the employee's election to accept a reduction in  
2 earnings or forego an increase in earnings under Section 30c of  
3 the State Finance Act ~~"An Act in relation to State Finance,"~~  
4 ~~approved June 10, 1919, as amended,~~ or a tax-sheltered annuity  
5 plan approved by any employer. Basic compensation does not  
6 include (1) salary or wages for overtime or other extra  
7 service; (2) prospective salary or wages under a summer  
8 teaching contract not yet entered upon; and (3) overseas  
9 differential allowances, quarters allowances, post allowances,  
10 educational allowances and transportation allowances paid by  
11 an employer under a contract with the federal government or its  
12 agencies for services rendered in other countries. If an  
13 employee elects to receive in lieu of cash salary or wages,  
14 fringe benefits which are not taxable under the Federal  
15 Internal Revenue Code, the amount of the cash salary or wages  
16 which is waived shall be included in determining basic  
17 compensation.

18 (b) For an employee who first becomes a participant on or  
19 after the effective date of this amendatory Act of the 99th  
20 General Assembly, "basic compensation" means the gross basic  
21 rate of salary or wages payable by an employer. Basic  
22 compensation does not include (1) salary or wages for overtime  
23 or other extra service; (2) prospective salary or wages under a  
24 summer teaching contract not yet entered upon; (3) overseas  
25 differential allowances, quarters allowances, post allowances,  
26 educational allowances, and transportation allowances paid by

1 an employer under a contract with the federal government or its  
2 agencies for services rendered in other countries; (4) the  
3 value of maintenance, board, living quarters, personal  
4 laundry, or other allowances furnished in lieu of salary which  
5 are considered gross income under the federal Internal Revenue  
6 Code; (5) the employee contributions required under Section  
7 15-157; and (6) the amount paid by any employer to a custodial  
8 account for investment in regulated investment company stocks  
9 for the benefit of the employee pursuant to the University  
10 Employees Custodial Accounts Act and the amount of the premium  
11 payable by any employer to an insurance company or companies on  
12 an annuity contract, pursuant to the employee's election to  
13 accept a reduction in earnings or forego an increase in  
14 earnings under Section 30c of the State Finance Act, or a  
15 tax-sheltered annuity plan approved by any employer. If an  
16 employee elects to receive in lieu of cash salary or wages,  
17 fringe benefits which are not taxable under the federal  
18 Internal Revenue Code, the amount of the cash salary or wages  
19 which is waived shall not be included in determining basic  
20 compensation.

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

22 Section 99. Effective date. This Act takes effect upon  
23 becoming law.