

1 AN ACT in relation to 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
5 changing Section 7-139 as follows:

6 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)
7 Sec. 7-139. Credits and creditable service to employees.

8 (a) Each participating employee shall be granted credits
9 and creditable service, for purposes of determining the
10 amount of any annuity or benefit to which he or a beneficiary
11 is entitled, as follows:

12 1. For prior service: Each participating employee
13 who is an employee of a participating municipality or
14 participating instrumentality on the effective date shall
15 be granted creditable service, but no credits under
16 paragraph 2 of this subsection (a), for periods of prior
17 service for which credit has not been received under any
18 other pension fund or retirement system established under
19 this Code, as follows:

20 If the effective date of participation for the
21 participating municipality or participating
22 instrumentality is on or before January 1, 1998,
23 creditable service shall be granted for the entire period
24 of prior service with that employer without any employee
25 contribution.

26 If the effective date of participation for the
27 participating municipality or participating
28 instrumentality is after January 1, 1998, creditable
29 service shall be granted for the last 20% of the period
30 of prior service with that employer, but no more than 5
31 years, without any employee contribution. A

1 participating employee may establish creditable service
2 for the remainder of the period of prior service with
3 that employer by making an application in writing,
4 accompanied by payment of an employee contribution in an
5 amount determined by the Fund, based on the employee
6 contribution rates in effect at the time of application
7 for the creditable service and the employee's salary rate
8 on the effective date of participation for that employer,
9 plus interest at the effective rate from the date of the
10 prior service to the date of payment. Application for
11 this creditable service may be made at any time while the
12 employee is still in service.

13 Notwithstanding the other provisions of this
14 Section, if the effective date of participation for a
15 participating instrumentality authorized under
16 subdivision (B)(b)ii of Section 7-132 is on or after
17 January 1, 2002 and on or before February 1, 2002, no
18 creditable service shall be granted for prior service.

19 Any person who has withdrawn from the service of a
20 participating municipality or participating
21 instrumentality prior to the effective date, who reenters
22 the service of the same municipality or participating
23 instrumentality after the effective date and becomes a
24 participating employee is entitled to creditable service
25 for prior service as otherwise provided in this
26 subdivision (a)(1) only if he or she renders 2 years of
27 service as a participating employee after the effective
28 date. Application for such service must be made while in
29 a participating status. The salary rate to be used in
30 the calculation of the required employee contribution, if
31 any, shall be the employee's salary rate at the time of
32 first reentering service with the employer after the
33 employer's effective date of participation.

34 2. For current service, each participating employee

1 shall be credited with:

2 a. Additional credits of amounts equal to each
3 payment of additional contributions received from
4 him under Section 7-173, as of the date the
5 corresponding payment of earnings is payable to him.

6 b. Normal credits of amounts equal to each
7 payment of normal contributions received from him,
8 as of the date the corresponding payment of earnings
9 is payable to him, and normal contributions made for
10 the purpose of establishing out-of-state service
11 credits as permitted under the conditions set forth
12 in paragraph 6 of this subsection (a).

13 c. Municipality credits in an amount equal to
14 1.4 times the normal credits, except those
15 established by out-of-state service credits, as of
16 the date of computation of any benefit if these
17 credits would increase the benefit.

18 d. Survivor credits equal to each payment of
19 survivor contributions received from the
20 participating employee as of the date the
21 corresponding payment of earnings is payable, and
22 survivor contributions made for the purpose of
23 establishing out-of-state service credits.

24 3. For periods of temporary and total and permanent
25 disability benefits, each employee receiving disability
26 benefits shall be granted creditable service for the
27 period during which disability benefits are payable.
28 Normal and survivor credits, based upon the rate of
29 earnings applied for disability benefits, shall also be
30 granted if such credits would result in a higher benefit
31 to any such employee or his beneficiary.

32 4. For authorized leave of absence without pay: A
33 participating employee shall be granted credits and
34 creditable service for periods of authorized leave of

1 absence without pay under the following conditions:

2 a. An application for credits and creditable
3 service is submitted to the board while the employee
4 is in a status of active employment, and within 2
5 years after termination of the leave of absence
6 period for which credits and creditable service are
7 sought.

8 b. Not more than 12 complete months of
9 creditable service for authorized leave of absence
10 without pay shall be counted for purposes of
11 determining any benefits payable under this Article.

12 c. Credits and creditable service shall be
13 granted for leave of absence only if such leave is
14 approved by the governing body of the municipality,
15 including approval of the estimated cost thereof to
16 the municipality as determined by the fund, and
17 employee contributions, plus interest at the
18 effective rate applicable for each year from the end
19 of the period of leave to date of payment, have been
20 paid to the fund in accordance with Section 7-173.
21 The contributions shall be computed upon the
22 assumption earnings continued during the period of
23 leave at the rate in effect when the leave began.

24 d. Benefits under the provisions of Sections
25 7-141, 7-146, 7-150 and 7-163 shall become payable
26 to employees on authorized leave of absence, or
27 their designated beneficiary, only if such leave of
28 absence is creditable hereunder, and if the employee
29 has at least one year of creditable service other
30 than the service granted for leave of absence. Any
31 employee contributions due may be deducted from any
32 benefits payable.

33 e. No credits or creditable service shall be
34 allowed for leave of absence without pay during any

1 period of prior service.

2 5. For military service: The governing body of a
3 municipality or participating instrumentality may elect
4 to allow creditable service to participating employees
5 who leave their employment to serve in the armed forces
6 of the United States for all periods of such service,
7 provided that the person returns to active employment
8 within 90 days after completion of full time active duty,
9 but no creditable service shall be allowed such person
10 for any period that can be used in the computation of a
11 pension or any other pay or benefit, other than pay for
12 active duty, for service in any branch of the armed
13 forces of the United States. If necessary to the
14 computation of any benefit, the board shall establish
15 municipality credits for participating employees under
16 this paragraph on the assumption that the employee
17 received earnings at the rate received at the time he
18 left the employment to enter the armed forces. A
19 participating employee in the armed forces shall not be
20 considered an employee during such period of service and
21 no additional death and no disability benefits are
22 payable for death or disability during such period.

23 Any participating employee who left his employment
24 with a municipality or participating instrumentality to
25 serve in the armed forces of the United States and who
26 again became a participating employee within 90 days
27 after completion of full time active duty by entering the
28 service of a different municipality or participating
29 instrumentality, which has elected to allow creditable
30 service for periods of military service under the
31 preceding paragraph, shall also be allowed creditable
32 service for his period of military service on the same
33 terms that would apply if he had been employed, before
34 entering military service, by the municipality or

1 instrumentality which employed him after he left the
2 military service and the employer costs arising in
3 relation to such grant of creditable service shall be
4 charged to and paid by that municipality or
5 instrumentality.

6 Notwithstanding the foregoing, any participating
7 employee shall be entitled to creditable service as
8 required by any federal law relating to re-employment
9 rights of persons who served in the United States Armed
10 Services. Such creditable service shall be granted upon
11 payment by the member of an amount equal to the employee
12 contributions which would have been required had the
13 employee continued in service at the same rate of
14 earnings during the military leave period, plus interest
15 at the effective rate.

16 5.1. In addition to any creditable service
17 established under paragraph 5 of this subsection (a),
18 creditable service may be granted for up to 24 months of
19 service in the armed forces of the United States.

20 In order to receive creditable service for military
21 service under this paragraph 5.1, a participating
22 employee must (1) apply to the Fund in writing and
23 provide evidence of the military service that is
24 satisfactory to the Board; (2) obtain the written
25 approval of the current employer; and (3) make
26 contributions to the Fund equal to (i) the employee
27 contributions that would have been required had the
28 service been rendered as a member, plus (ii) an amount
29 determined by the board to be equal to the employer's
30 normal cost of the benefits accrued for that military
31 service, plus (iii) interest on items (i) and (ii) from
32 the date of first membership in the Fund to the date of
33 payment. If payment is made during the 6-month period
34 that begins 3 months after the effective date of this

1 amendatory Act of 1997, the required interest shall be at
2 the rate of 2.5% per year, compounded annually;
3 otherwise, the required interest shall be calculated at
4 the regular interest rate.

5 6. For out-of-state service: Creditable service
6 shall be granted for service rendered to an out-of-state
7 local governmental body under the following conditions:
8 The employee had participated and has irrevocably
9 forfeited all rights to benefits in the out-of-state
10 public employees pension system; the governing body of
11 his participating municipality or instrumentality
12 authorizes the employee to establish such service; the
13 employee has 2 years current service with this
14 municipality or participating instrumentality; the
15 employee makes a payment of contributions, which shall be
16 computed at 8% (normal) plus 2% (survivor) times length
17 of service purchased times the average rate of earnings
18 for the first 2 years of service with the municipality or
19 participating instrumentality whose governing body
20 authorizes the service established plus interest at the
21 effective rate on the date such credits are established,
22 payable from the date the employee completes the required
23 2 years of current service to date of payment. In no
24 case shall more than 120 months of creditable service be
25 granted under this provision.

26 7. For retroactive service: Any employee who could
27 have but did not elect to become a participating
28 employee, or who should have been a participant in the
29 Municipal Public Utilities Annuity and Benefit Fund
30 before that fund was superseded, may receive creditable
31 service for the period of service not to exceed 50
32 months; however, a current or former county board member
33 may establish credit under this paragraph 7 for more than
34 50 months of service as a member of the county board if

1 the excess over 50 months is approved by resolution of
2 the affected county board filed with the Fund before
3 January 1, 1999.

4 Any employee who is a participating employee on or
5 after September 24, 1981 and who was excluded from
6 participation by the age restrictions removed by Public
7 Act 82-596 may receive creditable service for the period,
8 on or after January 1, 1979, excluded by the age
9 restriction and, in addition, if the governing body of
10 the participating municipality or participating
11 instrumentality elects to allow creditable service for
12 all employees excluded by the age restriction prior to
13 January 1, 1979, for service during the period prior to
14 that date excluded by the age restriction. Any employee
15 who was excluded from participation by the age
16 restriction removed by Public Act 82-596 and who is not a
17 participating employee on or after September 24, 1981 may
18 receive creditable service for service after January 1,
19 1979. Creditable service under this paragraph shall be
20 granted upon payment of the employee contributions which
21 would have been required had he participated, with
22 interest at the effective rate for each year from the end
23 of the period of service established to date of payment.

24 8. For accumulated unused sick leave: A
25 participating employee who is applying for a retirement
26 annuity shall be entitled to creditable service for that
27 portion of the employee's accumulated unused sick leave
28 for which payment is not received, as follows:

29 a. Sick leave days shall be limited to those
30 accumulated under a sick leave plan established by a
31 participating municipality or participating
32 instrumentality which is available to all employees
33 or a class of employees.

34 b. Only sick leave days accumulated with a

1 participating municipality or participating
2 instrumentality with which the employee was in
3 service within 60 days of the effective date of his
4 retirement annuity shall be credited; If the
5 employee was in service with more than one employer
6 during this period only the sick leave days with the
7 employer with which the employee has the greatest
8 number of unpaid sick leave days shall be
9 considered.

10 c. The creditable service granted shall be
11 considered solely for the purpose of computing the
12 amount of the retirement annuity and shall not be
13 used to establish any minimum service period
14 required by any provision of the Illinois Pension
15 Code, the effective date of the retirement annuity,
16 or the final rate of earnings.

17 d. The creditable service shall be at the rate
18 of 1/20 of a month for each full sick day, provided
19 that no more than 12 months may be credited under
20 this subdivision 8.

21 e. Employee contributions shall not be
22 required for creditable service under this
23 subdivision 8.

24 f. Each participating municipality and
25 participating instrumentality with which an employee
26 has service within 60 days of the effective date of
27 his retirement annuity shall certify to the board
28 the number of accumulated unpaid sick leave days
29 credited to the employee at the time of termination
30 of service.

31 9. For service transferred from another system:
32 Credits and creditable service shall be granted for
33 service under Article 3, 4, 5, 14 or 16 of this Act, to
34 any active member of this Fund, and to any inactive

1 member who has been a county sheriff, upon transfer of
2 such credits pursuant to Section 3-110.3, 4-108.3, 5-235,
3 14-105.6 or 16-131.4, and payment by the member of the
4 amount by which (1) the employer and employee
5 contributions that would have been required if he had
6 participated in this Fund as a sheriff's law enforcement
7 employee during the period for which credit is being
8 transferred, plus interest thereon at the effective rate
9 for each year, compounded annually, from the date of
10 termination of the service for which credit is being
11 transferred to the date of payment, exceeds (2) the
12 amount actually transferred to the Fund. Such transferred
13 service shall be deemed to be service as a sheriff's law
14 enforcement employee for the purposes of Section 7-142.1.

15 (b) Creditable service - amount:

16 1. One month of creditable service shall be allowed
17 for each month for which a participating employee made
18 contributions as required under Section 7-173, or for
19 which creditable service is otherwise granted hereunder.
20 Not more than 1 month of service shall be credited and
21 counted for 1 calendar month, and not more than 1 year of
22 service shall be credited and counted for any calendar
23 year. A calendar month means a nominal month beginning
24 on the first day thereof, and a calendar year means a
25 year beginning January 1 and ending December 31.

26 2. A seasonal employee shall be given 12 months of
27 creditable service if he renders the number of months of
28 service normally required by the position in a 12-month
29 period and he remains in service for the entire 12-month
30 period. Otherwise a fractional year of service in the
31 number of months of service rendered shall be credited.

32 3. An intermittent employee shall be given
33 creditable service for only those months in which a
34 contribution is made under Section 7-173.

1 (c) No application for correction of credits or
2 creditable service shall be considered unless the board
3 receives an application for correction while (1) the
4 applicant is a participating employee and in active
5 employment with a participating municipality or
6 instrumentality, or (2) while the applicant is actively
7 participating in a pension fund or retirement system which is
8 a participating system under the Retirement Systems
9 Reciprocal Act. A participating employee or other applicant
10 shall not be entitled to credits or creditable service unless
11 the required employee contributions are made in a lump sum or
12 in installments made in accordance with board rule.

13 (d) Upon the granting of a retirement, surviving spouse
14 or child annuity, a death benefit or a separation benefit, on
15 account of any employee, all individual accumulated credits
16 shall thereupon terminate. Upon the withdrawal of additional
17 contributions, the credits applicable thereto shall thereupon
18 terminate. Terminated credits shall not be applied to
19 increase the benefits any remaining employee would otherwise
20 receive under this Article.

21 (Source: P.A. 90-448, eff. 8-16-97; 91-887, eff. 7-6-00.)

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