

AN ACT concerning public employee benefits.

**Be it enacted by the People of the State of Illinois,  
represented in the General Assembly:**

Section 5. The Illinois Pension Code is amended by changing Section 7-205 as follows:

(40 ILCS 5/7-205) (from Ch. 108 1/2, par. 7-205)

Sec. 7-205. Reserves for annuities. Appropriate reserves shall be created for payment of all annuities granted under this Article at the time such annuities are granted and in amounts determined to be necessary under actuarial tables adopted by the Board upon recommendation of the actuary of the fund. All annuities payable shall be charged to the annuity reserve.

1. Amounts credited to annuity reserves shall be derived by transfer of all the employee credits from the appropriate employee reserves and by charges to the municipality reserve of those municipalities in which the retiring employee has accumulated service. If a retiring employee has accumulated service in more than one participating municipality or participating instrumentality, the aggregate municipality charges for non-concurrent service shall be calculated as follows:

(A) for purposes of calculating the annuity reserve, an

annuity will be calculated based on service and adjusted earnings with each employer (without regard to the vesting requirement contained in subsection (a) of Section 7-142); and

(B) the difference between the municipality charges for the actual annuity granted and the aggregation of the municipality charges based upon the ratio of each from those calculations to the aggregated total from paragraph (A) of this item 1.

Aggregate municipality charges for concurrent service shall be prorated based on the employee's earnings. The municipality charges for retirement annuities calculated under subparagraph a. of subparagraph 1. of subsection (a) of Section 7-142 shall be prorated based on actual contributions ~~prorated on a basis of the employee's earnings in case of concurrent service and creditable service in other cases.~~

2. Supplemental annuities shall be handled as a separate annuity and amounts to be credited to the annuity reserve therefor shall be derived in the same manner as a regular annuity.

3. When a retirement annuity is granted to an employee with a spouse eligible for a surviving spouse annuity, there shall be credited to the annuity reserve an amount to fund the cost of both the retirement and surviving spouse annuity as a joint and survivors annuity.

4. Beginning January 1, 1989, when a retirement annuity is

awarded, an amount equal to the present value of the \$3,000 death benefit payable upon the death of the annuitant shall be transferred to the annuity reserve from the appropriate municipality reserves in the same manner as the transfer for annuities.

5. All annuity reserves shall be revalued annually as of December 31. Beginning as of December 31, 1973, adjustment required therein by such revaluation shall be charged or credited to the earnings and experience variation reserve.

6. There shall be credited to the annuity reserve all of the payments made by annuitants under Section 7-144.2, plus an additional amount from the earnings and experience variation reserve to fund the cost of the incremental annuities granted to annuitants making these payments.

7. As of December 31, 1972, the excess in the annuity reserve shall be transferred to the municipality reserves. An amount equal to the deficiency in the reserve of participating municipalities and participating instrumentalities which have no participating employees shall be allocated to their reserves. The remainder shall be allocated in amounts proportionate to the present value, as of January 1, 1972, of annuities of annuitants of the remaining participating municipalities and participating instrumentalities.

(Source: P.A. 89-136, eff. 7-14-95.)

Section 90. The State Mandates Act is amended by adding

Public Act 097-0319

HB1471 Enrolled

LRB097 05390 JDS 45447 b

Section 8.35 as follows:

(30 ILCS 805/8.35 new)

Sec. 8.35. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 97th General Assembly.

Section 99. Effective date. This Act takes effect January 1, 2012.