



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB1895

Introduced 2/6/2025, by Sen. Robert F. Martwick

SYNOPSIS AS INTRODUCED:

40 ILCS 5/15-112

from Ch. 108 1/2, par. 15-112

Amends the State Universities Article of the Illinois Pension Code. In provisions concerning the determination of the final rate of earnings for Tier 2 members, provides that, for an employee who is paid on an hourly basis or who receives an annual salary in installments during 12 months of each academic year, the average annual earnings is obtained by dividing by 8 the total earnings of the employee during the 96 consecutive months in which the total earnings were the highest within the last 120 months prior to termination or the average annual earnings during the 8 consecutive academic years of service within the 10 years of service prior to termination in which the employee's earnings were the highest, whichever is greater (instead of only the average annual earnings obtained by dividing by 8 the total earnings of the employee during the 96 consecutive months in which the total earnings were the highest within the last 120 months prior to termination). Provides that the changes made by the amendatory Act are corrections and clarifications of existing law and are intended to be retroactive to January 1, 2011 (the effective date of Public Act 96-1490). Effective immediately.

LRB104 06091 RPS 16124 b

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
5 changing Section 15-112 as follows:

6 (40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

7 Sec. 15-112. Final rate of earnings. "Final rate of
8 earnings":

9 (a) This subsection (a) applies only to a Tier 1 member.

10 For an employee who is paid on an hourly basis or who
11 receives an annual salary in installments during 12 months of
12 each academic year, the average annual earnings during the 48
13 consecutive calendar month period ending with the last day of
14 final termination of employment or the 4 consecutive academic
15 years of service in which the employee's earnings were the
16 highest, whichever is greater. For any other employee, the
17 average annual earnings during the 4 consecutive academic
18 years of service in which his or her earnings were the highest.
19 For an employee with less than 48 months or 4 consecutive
20 academic years of service, the average earnings during his or
21 her entire period of service. The earnings of an employee with
22 more than 36 months of service under item (a) of Section
23 15-113.1 prior to the date of becoming a participant are, for

1 such period, considered equal to the average earnings during
2 the last 36 months of such service.

3 (b) This subsection (b) applies to a Tier 2 member.

4 For an employee who is paid on an hourly basis or who
5 receives an annual salary in installments during 12 months of
6 each academic year, the average annual earnings obtained by
7 dividing by 8 the total earnings of the employee during the 96
8 consecutive months in which the total earnings were the
9 highest within the last 120 months prior to termination or the
10 average annual earnings during the 8 consecutive academic
11 years of service within the 10 years of service prior to
12 termination in which the employee's earnings were the highest,
13 whichever is greater.

14 For any other employee, the average annual earnings during
15 the 8 consecutive academic years of service within the 10
16 years of service prior to termination in which the employee's
17 earnings were the highest. For an employee with less than 96
18 consecutive months or 8 consecutive academic years of service,
19 whichever is necessary, the average earnings during his or her
20 entire period of service.

21 The changes made to this subsection (b) by this amendatory
22 Act of the 104th General Assembly are corrections and
23 clarifications of existing law and are intended to be
24 retroactive to January 1, 2011 (the effective date of Public
25 Act 96-1490), notwithstanding the provisions of Section
26 1-103.1 of this Code.

1 (c) For an employee on leave of absence with pay, or on
2 leave of absence without pay who makes contributions during
3 such leave, earnings are assumed to be equal to the basic
4 compensation on the date the leave began.

5 (d) For an employee on disability leave, earnings are
6 assumed to be equal to the basic compensation on the date
7 disability occurs or the average earnings during the 24 months
8 immediately preceding the month in which disability occurs,
9 whichever is greater.

10 (e) For a Tier 1 member who retires on or after August 22,
11 1997 (the effective date of Public Act 90-511) ~~this amendatory~~
12 ~~Act of 1997~~ with at least 20 years of service as a firefighter
13 or police officer under this Article, the final rate of
14 earnings shall be the annual rate of earnings received by the
15 participant on his or her last day as a firefighter or police
16 officer under this Article, if that is greater than the final
17 rate of earnings as calculated under the other provisions of
18 this Section.

19 (f) If a Tier 1 member is an employee for at least 6 months
20 during the academic year in which his or her employment is
21 terminated, the annual final rate of earnings shall be 25% of
22 the sum of (1) the annual basic compensation for that year, and
23 (2) the amount earned during the 36 months immediately
24 preceding that year, if this is greater than the final rate of
25 earnings as calculated under the other provisions of this
26 Section.

1 (g) In the determination of the final rate of earnings for
2 an employee, that part of an employee's earnings for any
3 academic year beginning after June 30, 1997, which exceeds the
4 employee's earnings with that employer for the preceding year
5 by more than 20% ~~20 percent~~ shall be excluded; in the event
6 that an employee has more than one employer this limitation
7 shall be calculated separately for the earnings with each
8 employer. In making such calculation, only the basic
9 compensation of employees shall be considered, without regard
10 to vacation or overtime or to contracts for summer employment.
11 Beginning September 1, 2024, this subsection (g) also applies
12 to an employee who has been employed at 1/2 time or less for 3
13 or more years.

14 (h) The following are not considered as earnings in
15 determining the final rate of earnings: (1) severance or
16 separation pay, (2) retirement pay, (3) payment for unused
17 sick leave, and (4) payments from an employer for the period
18 used in determining the final rate of earnings for any purpose
19 other than (i) services rendered, (ii) leave of absence or
20 vacation granted during that period, and (iii) vacation of up
21 to 56 work days allowed upon termination of employment; except
22 that, if the benefit has been collectively bargained between
23 the employer and the recognized collective bargaining agent
24 pursuant to the Illinois Educational Labor Relations Act,
25 payment received during a period of up to 2 academic years for
26 unused sick leave may be considered as earnings in accordance

1 with the applicable collective bargaining agreement, subject
2 to the 20% increase limitation of this Section. Any unused
3 sick leave considered as earnings under this Section shall not
4 be taken into account in calculating service credit under
5 Section 15-113.4.

6 (i) Intermittent periods of service shall be considered as
7 consecutive in determining the final rate of earnings.

8 (Source: P.A. 103-548, eff. 8-11-23; revised 7-18-24.)

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