

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 Sections 7-132, 7-158, 7-164, 7-172, 7-205, and 7-206  
6 as follows:

7 (40 ILCS 5/7-132) (from Ch. 108 1/2, par. 7-132)

8 Sec. 7-132. Municipalities, instrumentalities and  
9 participating instrumentalities included and effective dates.

10 (A) Municipalities and their instrumentalities.

11 (a) The following described municipalities, but not  
12 including any with more than 1,000,000 inhabitants, and the  
13 instrumentalities thereof, shall be included within and be  
14 subject to this Article beginning upon the effective dates  
15 specified by the Board:

16 (1) Except as to the municipalities and  
17 instrumentalities thereof specifically excluded under this  
18 Article, every county shall be subject to this Article,  
19 and all cities, villages and incorporated towns having a  
20 population in excess of 5,000 inhabitants as determined by  
21 the last preceding decennial or subsequent federal census,  
22 shall be subject to this Article following publication of  
23 the census by the Bureau of the Census. Within 90 days

1 after publication of the census, the Board shall notify  
2 any municipality that has become subject to this Article  
3 as a result of that census, and shall provide information  
4 to the corporate authorities of the municipality  
5 explaining the duties and consequences of participation.  
6 The notification shall also include a proposed date upon  
7 which participation by the municipality will commence.

8 However, for any city, village or incorporated town  
9 that attains a population over 5,000 inhabitants after  
10 having provided social security coverage for its employees  
11 under the Social Security Enabling Act, participation  
12 under this Article shall not be mandatory but may be  
13 elected in accordance with subparagraph (3) or (4) of this  
14 paragraph (a), whichever is applicable.

15 (2) School districts, other than those specifically  
16 excluded under this Article, shall be subject to this  
17 Article, without election, with respect to all employees  
18 thereof.

19 (3) Towns and all other bodies politic and corporate  
20 which are formed by vote of, or are subject to control by,  
21 the electors in towns and are located in towns which are  
22 not participating municipalities on the effective date of  
23 this Act, may become subject to this Article by election  
24 pursuant to Section 7-132.1.

25 (4) Any other municipality (together with its  
26 instrumentalities), other than those specifically excluded

1 from participation and those described in paragraph (3)  
2 above, may elect to be included either by referendum under  
3 Section 7-134 or by the adoption of a resolution or  
4 ordinance by its governing body. A copy of such resolution  
5 or ordinance duly authenticated and certified by the clerk  
6 of the municipality or other appropriate official of its  
7 governing body shall constitute the required notice to the  
8 board of such action.

9 (b) A municipality that is about to begin participation  
10 shall submit to the Board an application to participate, in a  
11 form acceptable to the Board, not later than 90 days prior to  
12 the proposed effective date of participation. The Board shall  
13 act upon the application within 90 days, and if it finds that  
14 the application is in conformity with its requirements and the  
15 requirements of this Article, participation by the applicant  
16 shall commence on a date acceptable to the municipality and  
17 specified by the Board, but in no event more than one year from  
18 the date of application.

19 (c) A participating municipality which succeeds to the  
20 functions of a participating municipality which is dissolved  
21 or terminates its existence shall assume and be transferred  
22 the net accumulation balance in the municipality reserve and  
23 the municipality account receivable balance of the terminated  
24 municipality.

25 (d) In the case of a Veterans Assistance Commission whose  
26 employees were being treated by the Fund on January 1, 1990 as

1 employees of the county served by the Commission, the Fund may  
2 continue to treat the employees of the Veterans Assistance  
3 Commission as county employees for the purposes of this  
4 Article, unless the Commission becomes a participating  
5 instrumentality in accordance with subsection (B) of this  
6 Section.

7 (B) Participating instrumentalities.

8 (a) The participating instrumentalities designated in  
9 paragraph (b) of this subsection shall be included within and  
10 be subject to this Article if:

11 (1) an application to participate, in a form  
12 acceptable to the Board and adopted by a two-thirds vote  
13 of the governing body, is presented to the Board not later  
14 than 90 days prior to the proposed effective date; and

15 (2) the Board finds that the application is in  
16 conformity with its requirements, that the applicant has  
17 reasonable expectation to continue as a political entity  
18 for a period of at least 10 years and has the prospective  
19 financial capacity to meet its current and future  
20 obligations to the Fund, and that the actuarial soundness  
21 of the Fund may be reasonably expected to be unimpaired by  
22 approval of participation by the applicant.

23 The Board shall notify the applicant of its findings  
24 within 90 days after receiving the application, and if the  
25 Board approves the application, participation by the applicant

1 shall commence on the effective date specified by the Board.

2 (b) The following participating instrumentalities, so long  
3 as they meet the requirements of Section 7-108 and the area  
4 served by them or within their jurisdiction is not located  
5 entirely within a municipality having more than one million  
6 inhabitants, may be included hereunder:

7 i. Township School District Trustees.

8 ii. Multiple County and Consolidated Health  
9 Departments created under Division 5-25 of the Counties  
10 Code or its predecessor law.

11 iii. Public Building Commissions created under the  
12 Public Building Commission Act, and located in counties of  
13 less than 1,000,000 inhabitants.

14 iv. A multitype, consolidated or cooperative library  
15 system created under the Illinois Library System Act. Any  
16 library system created under the Illinois Library System  
17 Act that has one or more predecessors that participated in  
18 the Fund may participate in the Fund upon application. The  
19 Board shall establish procedures for implementing the  
20 transfer of rights and obligations from the predecessor  
21 system to the successor system.

22 v. Regional Planning Commissions created under  
23 Division 5-14 of the Counties Code or its predecessor law.

24 vi. Local Public Housing Authorities created under the  
25 Housing Authorities Act, located in counties of less than  
26 1,000,000 inhabitants.

- 1           vii. Illinois Municipal League.
- 2           viii. Northeastern Illinois Metropolitan Area Planning  
3 Commission.
- 4           ix. Southwestern Illinois Metropolitan Area Planning  
5 Commission.
- 6           x. Illinois Association of Park Districts.
- 7           xi. Illinois Supervisors, County Commissioners and  
8 Superintendents of Highways Association.
- 9           xii. Tri-City Regional Port District.
- 10          xiii. An association, or not-for-profit corporation,  
11 membership in which is authorized under Section 85-15 of  
12 the Township Code.
- 13          xiv. Drainage Districts operating under the Illinois  
14 Drainage Code.
- 15          xv. Local mass transit districts created under the  
16 Local Mass Transit District Act.
- 17          xvi. Soil and water conservation districts created  
18 under the Soil and Water Conservation Districts Law.
- 19          xvii. Commissions created to provide water supply or  
20 sewer services or both under Division 135, Division 135.5,  
21 or Division 136 of Article 11 of the Illinois Municipal  
22 Code.
- 23          xviii. Public water districts created under the Public  
24 Water District Act.
- 25          xix. Veterans Assistance Commissions established under  
26 Section 9 of the Military Veterans Assistance Act that

1 serve counties with a population of less than 1,000,000.

2 xx. The governing body of an entity, other than a  
3 vocational education cooperative, created under an  
4 intergovernmental cooperative agreement established  
5 between participating municipalities under the  
6 Intergovernmental Cooperation Act, which by the terms of  
7 the agreement is the employer of the persons performing  
8 services under the agreement under the usual common law  
9 rules determining the employer-employee relationship. The  
10 governing body of such an intergovernmental cooperative  
11 entity established prior to July 1, 1988 may make  
12 participation retroactive to the effective date of the  
13 agreement and, if so, the effective date of participation  
14 shall be the date the required application is filed with  
15 the fund. If any such entity is unable to pay the required  
16 employer contributions to the fund, then the participating  
17 municipalities shall make payment of the required  
18 contributions and the payments shall be allocated as  
19 provided in the agreement or, if not so provided, equally  
20 among them.

21 xxi. The Illinois Municipal Electric Agency.

22 xxii. The Waukegan Port District.

23 xxiii. The Fox Waterway Agency created under the Fox  
24 Waterway Agency Act.

25 xxiv. The Illinois Municipal Gas Agency.

26 xxv. The Kaskaskia Regional Port District.

1 xxvi. The Southwestern Illinois Development Authority.

2 xxvii. The Cairo Public Utility Company.

3 xxviii. Except with respect to employees who elect to  
4 participate in the State Employees' Retirement System of  
5 Illinois under Section 14-104.13 of this Code, the Chicago  
6 Metropolitan Agency for Planning created under the  
7 Regional Planning Act, provided that, with respect to the  
8 benefits payable pursuant to Sections 7-146, 7-150, and  
9 7-164 and the requirement that eligibility for such  
10 benefits is conditional upon satisfying a minimum period  
11 of service or a minimum contribution, any employee of the  
12 Chicago Metropolitan Agency for Planning that was  
13 immediately prior to such employment an employee of the  
14 Chicago Area Transportation Study or the Northeastern  
15 Illinois Planning Commission, such employee's service at  
16 the Chicago Area Transportation Study or the Northeastern  
17 Illinois Planning Commission and contributions to the  
18 State Employees' Retirement System of Illinois established  
19 under Article 14 and the Illinois Municipal Retirement  
20 Fund shall count towards the satisfaction of such  
21 requirements.

22 xxix. United Counties Council (formerly the Urban  
23 Counties Council), but only if the Council has a ruling  
24 from the United States Internal Revenue Service that it is  
25 a governmental entity.

26 xxx. The Will County Governmental League, but only if

1 the League has a ruling from the United States Internal  
2 Revenue Service that it is a governmental entity.

3 xxxi. The Firefighters' Pension Investment Fund.

4 xxxii. The Police Officers' Pension Investment Fund.

5 xxxiii. The Joliet Regional Port District.

6 (c) The governing boards of special education joint  
7 agreements created under Section 10-22.31 of the School Code  
8 without designation of an administrative district shall be  
9 included within and be subject to this Article as  
10 participating instrumentalities when the joint agreement  
11 becomes effective. However, the governing board of any such  
12 special education joint agreement in effect before September  
13 5, 1975 shall not be subject to this Article unless the joint  
14 agreement is modified by the school districts to provide that  
15 the governing board is subject to this Article, except as  
16 otherwise provided by this Section.

17 The governing board of the Special Education District of  
18 Lake County shall become subject to this Article as a  
19 participating instrumentality on July 1, 1997. Notwithstanding  
20 subdivision (a)1 of Section 7-139, on the effective date of  
21 participation, employees of the governing board of the Special  
22 Education District of Lake County shall receive creditable  
23 service for their prior service with that employer, up to a  
24 maximum of 5 years, without any employee contribution.  
25 Employees may establish creditable service for the remainder  
26 of their prior service with that employer, if any, by applying

1 in writing and paying an employee contribution in an amount  
2 determined by the Fund, based on the employee contribution  
3 rates in effect at the time of application for the creditable  
4 service and the employee's salary rate on the effective date  
5 of participation for that employer, plus interest at the  
6 effective rate from the date of the prior service to the date  
7 of payment. Application for this creditable service must be  
8 made before July 1, 1998; the payment may be made at any time  
9 while the employee is still in service. The employer may elect  
10 to make the required contribution on behalf of the employee.

11 The governing board of a special education joint agreement  
12 created under Section 10-22.31 of the School Code for which an  
13 administrative district has been designated, if there are  
14 employees of the cooperative educational entity who are not  
15 employees of the administrative district, may elect to  
16 participate in the Fund and be included within this Article as  
17 a participating instrumentality, subject to such application  
18 procedures and rules as the Board may prescribe.

19 The Boards of Control of cooperative or joint educational  
20 programs or projects created and administered under Section  
21 3-15.14 of the School Code, whether or not the Boards act as  
22 their own administrative district, shall be included within  
23 and be subject to this Article as participating  
24 instrumentalities when the agreement establishing the  
25 cooperative or joint educational program or project becomes  
26 effective.

1           The governing board of a special education joint agreement  
2 entered into after June 30, 1984 and prior to September 17,  
3 1985 which provides for representation on the governing board  
4 by less than all the participating districts shall be included  
5 within and subject to this Article as a participating  
6 instrumentality. Such participation shall be effective as of  
7 the date the joint agreement becomes effective.

8           The governing boards of educational service centers  
9 established under Section 2-3.62 of the School Code shall be  
10 included within and subject to this Article as participating  
11 instrumentalities. The governing boards of vocational  
12 education cooperative agreements created under the  
13 Intergovernmental Cooperation Act and approved by the State  
14 Board of Education shall be included within and be subject to  
15 this Article as participating instrumentalities. If any such  
16 governing boards or boards of control are unable to pay the  
17 required employer contributions to the fund, then the school  
18 districts served by such boards shall make payment of required  
19 contributions as provided in Section 7-172. The payments shall  
20 be allocated among the several school districts in proportion  
21 to the number of students in average daily attendance for the  
22 last full school year for each district in relation to the  
23 total number of students in average attendance for such period  
24 for all districts served. If such educational service centers,  
25 vocational education cooperatives or cooperative or joint  
26 educational programs or projects created and administered

1 under Section 3-15.14 of the School Code are dissolved, the  
2 assets and obligations shall be distributed among the  
3 districts in the same proportions unless otherwise provided.

4 The governing board of Paris Cooperative High School shall  
5 be included within and be subject to this Article as a  
6 participating instrumentality on the effective date of this  
7 amendatory Act of the 96th General Assembly. If the governing  
8 board of Paris Cooperative High School is unable to pay the  
9 required employer contributions to the fund, then the school  
10 districts served shall make payment of required contributions  
11 as provided in Section 7-172. The payments shall be allocated  
12 among the several school districts in proportion to the number  
13 of students in average daily attendance for the last full  
14 school year for each district in relation to the total number  
15 of students in average attendance for such period for all  
16 districts served. If Paris Cooperative High School is  
17 dissolved, then the assets and obligations shall be  
18 distributed among the districts in the same proportions unless  
19 otherwise provided.

20 The Philip J. Rock Center and School shall be included  
21 within and be subject to this Article as a participating  
22 instrumentality on the effective date of this amendatory Act  
23 of the 97th General Assembly. The Philip J. Rock Center and  
24 School shall certify to the Fund the dates of service of all  
25 employees within 90 days of the effective date of this  
26 amendatory Act of the 97th General Assembly. The Fund shall

1 transfer to the IMRF account of the Philip J. Rock Center and  
2 School all creditable service and all employer contributions  
3 made on behalf of the employees for service at the Philip J.  
4 Rock Center and School that were reported and paid to IMRF by  
5 another employer prior to this date. If the Philip J. Rock  
6 Center and School is unable to pay the required employer  
7 contributions to the Fund, then the amount due will be paid by  
8 all employers as defined in item (2) of paragraph (a) of  
9 subsection (A) of this Section. The payments shall be  
10 allocated among these employers in proportion to the number of  
11 students in average daily attendance for the last full school  
12 year for each district in relation to the total number of  
13 students in average attendance for such period for all  
14 districts. If the Philip J. Rock Center and School is  
15 dissolved, then its IMRF assets and obligations shall be  
16 distributed in the same proportions unless otherwise provided.

17 Financial Oversight Panels established under Article 1H of  
18 the School Code shall be included within and be subject to this  
19 Article as a participating instrumentality on the effective  
20 date of this amendatory Act of the 97th General Assembly. If  
21 the Financial Oversight Panel is unable to pay the required  
22 employer contributions to the fund, then the school districts  
23 served shall make payment of required contributions as  
24 provided in Section 7-172. If the Financial Oversight Panel is  
25 dissolved, then the assets and obligations shall be  
26 distributed to the district served.

1           (d) The governing boards of special recreation joint  
2 agreements created under Section 8-10b of the Park District  
3 Code, operating without designation of an administrative  
4 district or an administrative municipality appointed to  
5 administer the program operating under the authority of such  
6 joint agreement shall be included within and be subject to  
7 this Article as participating instrumentalities when the joint  
8 agreement becomes effective. However, the governing board of  
9 any such special recreation joint agreement in effect before  
10 January 1, 1980 shall not be subject to this Article unless the  
11 joint agreement is modified, by the districts and  
12 municipalities which are parties to the agreement, to provide  
13 that the governing board is subject to this Article.

14           If the Board returns any employer and employee  
15 contributions to any employer which erroneously submitted such  
16 contributions on behalf of a special recreation joint  
17 agreement, the Board shall include interest computed from the  
18 end of each year to the date of payment, not compounded, at the  
19 rate of 7% per annum.

20           (e) Each multi-township assessment district, the board of  
21 trustees of which has adopted this Article by ordinance prior  
22 to April 1, 1982, shall be a participating instrumentality  
23 included within and subject to this Article effective December  
24 1, 1981. The contributions required under Section 7-172 shall  
25 be included in the budget prepared under and allocated in  
26 accordance with Section 2-30 of the Property Tax Code.

1 (f) The Illinois Medical District Commission created under  
2 the Illinois Medical District Act may be included within and  
3 subject to this Article as a participating instrumentality,  
4 notwithstanding that the location of the District is entirely  
5 within the City of Chicago. To become a participating  
6 instrumentality, the Commission must apply to the Board in the  
7 manner set forth in paragraph (a) of this subsection (B). If  
8 the Board approves the application, under the criteria and  
9 procedures set forth in paragraph (a) and any other applicable  
10 rules, criteria, and procedures of the Board, participation by  
11 the Commission shall commence on the effective date specified  
12 by the Board.

13 (C) Prospective participants. Beginning January 1, 1992, each  
14 prospective participating municipality or participating  
15 instrumentality shall pay to the Fund the cost, as determined  
16 by the Board, of a study prepared by the Fund or its actuary,  
17 detailing the prospective costs of participation in the Fund  
18 to be expected by the municipality or instrumentality.

19 (Source: P.A. 104-284, eff. 8-15-25.)

20 (40 ILCS 5/7-158) (from Ch. 108 1/2, par. 7-158)

21 Sec. 7-158. Surviving spouse annuities; options ~~annuities~~  
22 ~~Options~~. In lieu of the surviving spouse annuity an eligible  
23 surviving spouse shall have the option of receiving other  
24 benefits as follows:

1           1. The surviving spouse of a participating employee may  
2 elect to receive either a single sum death benefit or a  
3 surviving spouse annuity and the \$8,000 (\$3,000 for those who  
4 first retired prior to the effective date of this amendatory  
5 Act of the 104th General Assembly) ~~\$3,000~~ death benefit  
6 provided in Sections 7-163 and 7-164.

7           2. The surviving spouse of an employee, who has separated  
8 from service and would have been entitled to a retirement  
9 annuity on date of death, may elect to receive either a single  
10 sum death benefit or a surviving spouse annuity and the \$8,000  
11 (\$3,000 for those who first retired prior to the effective  
12 date of this amendatory Act of the 104th General Assembly)  
13 ~~\$3,000~~ death benefit provided in Sections 7-163 and 7-164.

14           3. If any surviving spouse annuity is payable prior to the  
15 earliest age at which the recipient will become eligible for a  
16 widows' or widowers' insurance benefit under the Federal  
17 Social Security Act, the recipient may elect that the annuity  
18 payments from this fund shall exceed those payable after  
19 attaining such age by an amount not in excess of the estimated  
20 Social Security Benefit, determined as of the effective date  
21 of the surviving spouse annuity, provided that in no case  
22 shall the total annuity payments made by this fund exceed in  
23 actuarial value the annuity which would have been paid had no  
24 such election been made.

25           4. The surviving spouse of a participating employee, whose  
26 annuity was suspended upon return to employment and who had

1 one year or more of service after his return, may apply the  
2 additional service credits to a supplemental surviving spouse  
3 annuity and receive the \$8,000 (\$3,000 for those who first  
4 retired prior to the effective date of this amendatory Act of  
5 the 104th General Assembly) ~~\$3,000~~ death benefit or apply the  
6 additional service credits to a single sum death benefit and  
7 forego the \$8,000 (\$3,000 for those who first retired prior to  
8 the effective date of this amendatory Act of the 104th General  
9 Assembly) ~~\$3,000~~ death benefit payable upon the death of an  
10 annuitant.

11 5. The surviving spouse of a participating employee, whose  
12 annuity was suspended upon return to employment and who had  
13 less than one year of service after his return, shall have the  
14 additional service credits applied towards a supplemental  
15 surviving spouse annuity and shall receive the \$8,000 (\$3,000  
16 for those who first retired prior to the effective date of this  
17 amendatory Act of the 104th General Assembly) ~~\$3,000~~ death  
18 benefit.

19 (Source: P.A. 85-941.)

20 (40 ILCS 5/7-164) (from Ch. 108 1/2, par. 7-164)

21 Sec. 7-164. Death benefits; amount ~~benefits~~ ~~Amount~~. The  
22 amount of the death benefit shall be:

23 1. Upon the death of an employee with at least one year  
24 of service occurring while in an employment relationship  
25 (including employees drawing disability benefits) with a

1 participating municipality or participating  
2 instrumentality, an amount equal to the sum of:

3 (a) The employee's normal, additional and  
4 survivor credits, including interest credited thereto  
5 through the end of the preceding calendar year, but  
6 excluding credits and interest thereon allowed for  
7 periods of disability.

8 (b) An amount equal to the employee's annual  
9 final rate of earnings. An employee who dies as a  
10 result of injuries connected with his duties shall be  
11 considered to have a year of service for purposes of  
12 this benefit.

13 2. Upon the death of an employee with less than 1 year  
14 of service occurring while in the service of any  
15 participating municipality or instrumentality, an amount  
16 equal to the sum of his accumulated normal, additional and  
17 survivor credits on the date of death, excluding those  
18 credits and interest thereon allowed during periods of  
19 disability.

20 3. Upon the death of an employee who has separated  
21 from service and was not entitled to a retirement annuity  
22 on the date of death, an amount equal to the sum of his  
23 accumulated normal, survivor and additional credits on the  
24 date of death excluding those credits and interest thereon  
25 allowed during periods of disability.

26 4. Upon the death of an employee in an employment

1 relationship, or an employee who has service and was  
2 entitled to a retirement annuity on the date of death,  
3 when a surviving spouse or child annuity is awarded,  
4 \$8,000 (\$3,000 for those who first retired prior to the  
5 effective date of this amendatory Act of the 104th General  
6 Assembly) ~~\$3,000~~.

7 5. Upon the death of an employee, who has separated  
8 from service and was entitled to a retirement annuity on  
9 the date of death, and no surviving spouse or child  
10 annuity is awarded, \$8,000 (\$3,000 for those who first  
11 retired prior to the effective date of this amendatory Act  
12 of the 104th General Assembly) ~~\$3,000~~ plus an amount equal  
13 to his accumulated normal, survivor and additional credits  
14 on the date of death, excluding those credits and interest  
15 earned thereon allowed during periods of disability.

16 6. Upon the death of an employee annuitant, \$8,000  
17 (\$3,000 for those who first retired prior to the effective  
18 date of this amendatory Act of the 104th General Assembly)  
19 ~~\$3,000~~ and, unless a surviving spouse, child or  
20 reversionary annuity is payable, the sum of (i) the excess  
21 of the normal and survivor credits, excluding those  
22 allowed during periods of disability, which the annuitant  
23 had as of the effective date of his annuity over the total  
24 annuities paid pursuant to paragraph (a) 1 of Section  
25 7-142 to the date of death, plus (ii) the excess of the  
26 additional credits, excluding any such credits used to

1 create a reversionary annuity, used to provide the annuity  
2 granted pursuant to paragraph (a) 2 of Section 7-142 over  
3 the total annuity payments made pursuant thereto to the  
4 time of death.

5 7. Upon the death of an annuitant receiving a  
6 reversionary annuity or of a person designated to receive  
7 a reversionary annuity prior to the receipt of such  
8 annuity the sum of the additional credits of the person  
9 creating the reversionary annuity as of the effective date  
10 of his own retirement annuity over the reversionary  
11 annuity payments, if any, made prior to the date of death  
12 of such annuitant or person designated to receive the  
13 reversionary annuity.

14 8. Upon the death of an annuitant receiving a  
15 beneficiary annuity which was effective before January 1,  
16 1986, the excess of the death benefit which was used to  
17 provide the annuity, over the sum of all annuity payments  
18 made to the beneficiary. Upon the death of an annuitant  
19 receiving a beneficiary annuity effective January 1, 1986  
20 or thereafter, the sum of (i) the excess of the normal and  
21 survivor credits, excluding those allowed during periods  
22 of disability, which the annuitant had as of the effective  
23 date of his annuity over the total annuities paid pursuant  
24 to paragraph (c) of Section 7-165, to date of death, plus  
25 (ii) the excess of the additional credits, excluding any  
26 such credits used to create a reversionary annuity, used

1 to provide the annuity granted pursuant to paragraph (d)  
2 of Section 7-165 over the total annuity payments made  
3 pursuant thereto to the time of death.

4 9. Upon the marriage prior to reaching age 55 (except  
5 for a surviving spouse who remarries after December 31,  
6 2000) or death of a person receiving a surviving spouse  
7 annuity, unless a child annuity is payable, the sum of (i)  
8 the excess of the normal and survivor credits, excluding  
9 those credits and interest thereon allowed during periods  
10 of disability, attributable to the employee at the  
11 effective date of the annuity or date of death, whichever  
12 first occurred, over the total of all annuity payments  
13 attributable to paragraph (a) 1 of Section 7-142 made to  
14 the employee or surviving spouse plus (ii) the excess of  
15 the additional credits, excluding any such credits used to  
16 create a reversionary annuity or used to provide the  
17 annuity attributable to paragraph (a) 2 of Section 7-142  
18 over the total of such payments.

19 10. Upon the marriage, death or attainment of age 18  
20 of a child receiving a child annuity, if no other child  
21 annuities are payable, the sum of (i) the excess of the  
22 normal and survivor credits excluding those credits and  
23 interest thereon allowed during periods of disability, of  
24 the employee at the effective date of the annuity or date  
25 of death, whichever first occurred, over the total annuity  
26 payments attributable to paragraph (a) 1 of Section 7-142

1 made to the employee, surviving spouse and children plus  
2 (ii) the excess of the additional credits, excluding any  
3 such credits used to create a reversionary annuity, used  
4 to provide the annuity attributable to paragraph (a) 2 of  
5 Section 7-142 over the total annuity payments made to the  
6 employee, surviving spouse and children, pursuant thereto.

7 11. Upon the death of the participating employee whose  
8 annuity was suspended upon his return to employment:

9 a. If a surviving spouse or child annuity is  
10 awarded, \$8,000 (\$3,000 for those who first retired  
11 prior to the effective date of this amendatory Act of  
12 the 104th General Assembly) ~~\$3,000~~;

13 b. If no surviving spouse or child annuity is  
14 awarded and he had less than one year's service upon  
15 return, \$8,000 (\$3,000 for those who first retired  
16 prior to the effective date of this amendatory Act of  
17 the 104th General Assembly) ~~\$3,000~~ plus the excess of  
18 the normal, survivor and additional credits, including  
19 interest thereon, but excluding those allowed during a  
20 period of disability, at the effective date of the  
21 suspended annuity, plus those allowed after his  
22 return, over all annuity payments made to the  
23 employee;

24 c. If no surviving spouse or child annuity is  
25 awarded and he has one year or more of service upon  
26 return, the higher of (a) the payment under

1           subparagraph b of this paragraph or (b) the payment  
2           under paragraph 1 of this Section, taking into  
3           consideration only the service and credits allowed  
4           after his return, plus the excess of the normal,  
5           survivor and additional credits, including interest  
6           thereon, excluding those allowed during periods of  
7           disability, at the effective date of his suspended  
8           annuity over all annuity payments made to the  
9           employee.

10          ~~12.~~ The \$8,000 (\$3,000 for those who first retired prior  
11 to the effective date of this amendatory Act of the 104th  
12 General Assembly) \$3,000 death benefit provided in paragraphs  
13 4 and 6 shall not be payable to beneficiaries of persons who  
14 terminated service prior to September 8, 1971, unless the  
15 payment or agreement for payment provided by Section 7-144.2  
16 of this Article is made prior to the date of death.

17          ~~13.~~ The increase in certain death benefits from \$1,000 to  
18 \$3,000 provided by this amendatory Act of 1987 shall apply  
19 only to deaths occurring on or after January 1, 1988.

20          The increase in certain death benefits from \$3,000 to  
21 \$8,000 provided by this amendatory Act of the 104th General  
22 Assembly shall apply only to deaths occurring on or after  
23 January 1, 2027.

24          (Source: P.A. 91-887, eff. 7-6-00.)

25                 (40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)

1           Sec. 7-172. Contributions by participating municipalities  
2 and participating instrumentalities.

3           (a) Each participating municipality and each participating  
4 instrumentality shall make payment to the fund as follows:

5           1. municipality contributions in an amount determined  
6 by applying the municipality contribution rate to each  
7 payment of earnings paid to each of its participating  
8 employees;

9           2. an amount equal to the employee contributions  
10 provided by paragraph (a) of Section 7-173, whether or not  
11 the employee contributions are withheld as permitted by  
12 that Section;

13           3. all accounts receivable, together with interest  
14 charged thereon, as provided in Section 7-209, and any  
15 amounts due under subsection (a-5) of Section 7-144;

16           4. if it has no participating employees with current  
17 earnings, an amount payable which, over a closed period of  
18 20 years for participating municipalities and 10 years for  
19 participating instrumentalities, will amortize, at the  
20 effective rate for that year, any unfunded obligation. The  
21 unfunded obligation shall be computed as provided in  
22 paragraph 2 of subsection (b);

23           5. if it has fewer than 7 participating employees or a  
24 negative balance in its municipality reserve, the greater  
25 of (A) an amount payable that, over a period of 20 years,  
26 will amortize at the effective rate for that year any

1 unfunded obligation, computed as provided in paragraph 2  
2 of subsection (b) or (B) the amount required by paragraph  
3 1 of this subsection (a).

4 (b) A separate municipality contribution rate shall be  
5 determined for each calendar year for all participating  
6 municipalities together with all instrumentalities thereof.  
7 The municipality contribution rate shall be determined for  
8 participating instrumentalities as if they were participating  
9 municipalities. The municipality contribution rate shall be  
10 the sum of the following percentages:

11 1. The percentage of earnings of all the participating  
12 employees of all participating municipalities and  
13 participating instrumentalities which, if paid over the  
14 entire period of their service, will be sufficient when  
15 combined with all employee contributions available for the  
16 payment of benefits, to provide all annuities for  
17 participating employees, and the \$8,000 (\$3,000 for those  
18 who first retired prior to the effective date of this  
19 amendatory Act of the 104th General Assembly) ~~\$3,000~~ death  
20 benefit payable under Sections 7-158 and 7-164, such  
21 percentage to be known as the normal cost rate.

22 2. The percentage of earnings of the participating  
23 employees of each participating municipality and  
24 participating instrumentalities necessary to adjust for  
25 the difference between the present value of all benefits,  
26 excluding temporary and total and permanent disability and

1 death benefits, to be provided for its participating  
2 employees and the sum of its accumulated municipality  
3 contributions and the accumulated employee contributions  
4 and the present value of expected future employee and  
5 municipality contributions pursuant to subparagraph 1 of  
6 this paragraph (b). This adjustment shall be spread over a  
7 period determined by the Board, not to exceed 30 years for  
8 participating municipalities or 10 years for participating  
9 instrumentalities.

10 3. The percentage of earnings of the participating  
11 employees of all municipalities and participating  
12 instrumentalities necessary to provide the present value  
13 of all temporary and total and permanent disability  
14 benefits granted during the most recent year for which  
15 information is available.

16 4. The percentage of earnings of the participating  
17 employees of all participating municipalities and  
18 participating instrumentalities necessary to provide the  
19 present value of the net single sum death benefits  
20 expected to become payable from the reserve established  
21 under Section 7-206 during the year for which this rate is  
22 fixed.

23 5. The percentage of earnings necessary to meet any  
24 deficiency arising in the Terminated Municipality Reserve.

25 (c) A separate municipality contribution rate shall be  
26 computed for each participating municipality or participating

1 instrumentality for its sheriff's law enforcement employees.

2 A separate municipality contribution rate shall be  
3 computed for the sheriff's law enforcement employees of each  
4 forest preserve district that elects to have such employees.  
5 For the period from January 1, 1986 to December 31, 1986, such  
6 rate shall be the forest preserve district's regular rate plus  
7 2%.

8 In the event that the Board determines that there is an  
9 actuarial deficiency in the account of any municipality with  
10 respect to a person who has elected to participate in the Fund  
11 under Section 3-109.1 of this Code, the Board may adjust the  
12 municipality's contribution rate so as to make up that  
13 deficiency over such reasonable period of time as the Board  
14 may determine.

15 (d) The Board may establish a separate municipality  
16 contribution rate for all employees who are program  
17 participants employed under the federal Comprehensive  
18 Employment Training Act by all of the participating  
19 municipalities and instrumentalities. The Board may also  
20 provide that, in lieu of a separate municipality rate for  
21 these employees, a portion of the municipality contributions  
22 for such program participants shall be refunded or an extra  
23 charge assessed so that the amount of municipality  
24 contributions retained or received by the fund for all CETA  
25 program participants shall be an amount equal to that which  
26 would be provided by the separate municipality contribution

1 rate for all such program participants. Refunds shall be made  
2 to prime sponsors of programs upon submission of a claim  
3 therefor and extra charges shall be assessed to participating  
4 municipalities and instrumentalities. In establishing the  
5 municipality contribution rate as provided in paragraph (b) of  
6 this Section, the use of a separate municipality contribution  
7 rate for program participants or the refund of a portion of the  
8 municipality contributions, as the case may be, may be  
9 considered.

10 (e) Computations of municipality contribution rates for  
11 the following calendar year shall be made prior to the  
12 beginning of each year, from the information available at the  
13 time the computations are made, and on the assumption that the  
14 employees in each participating municipality or participating  
15 instrumentality at such time will continue in service until  
16 the end of such calendar year at their respective rates of  
17 earnings at such time.

18 (f) Any municipality which is the recipient of State  
19 allocations representing that municipality's contributions for  
20 retirement annuity purposes on behalf of its employees as  
21 provided in Section 12-21.16 of the Illinois Public Aid Code  
22 shall pay the allocations so received to the Board for such  
23 purpose. Estimates of State allocations to be received during  
24 any taxable year shall be considered in the determination of  
25 the municipality's tax rate for that year under Section 7-171.  
26 If a special tax is levied under Section 7-171, none of the

1 proceeds may be used to reimburse the municipality for the  
2 amount of State allocations received and paid to the Board.  
3 Any multiple-county or consolidated health department which  
4 receives contributions from a county under Section 11.2 of "An  
5 Act in relation to establishment and maintenance of county and  
6 multiple-county health departments", approved July 9, 1943, as  
7 amended, or distributions under Section 3 of the Department of  
8 Public Health Act, shall use these only for municipality  
9 contributions by the health department.

10 (g) Municipality contributions for the several purposes  
11 specified shall, for township treasurers and employees in the  
12 offices of the township treasurers who meet the qualifying  
13 conditions for coverage hereunder, be allocated among the  
14 several school districts and parts of school districts  
15 serviced by such treasurers and employees in the proportion  
16 which the amount of school funds of each district or part of a  
17 district handled by the treasurer bears to the total amount of  
18 all school funds handled by the treasurer.

19 From the funds subject to allocation among districts and  
20 parts of districts pursuant to the School Code, the trustees  
21 shall withhold the proportionate share of the liability for  
22 municipality contributions imposed upon such districts by this  
23 Section, in respect to such township treasurers and employees  
24 and remit the same to the Board.

25 The municipality contribution rate for an educational  
26 service center shall initially be the same rate for each year

1 as the regional office of education or school district which  
2 serves as its administrative agent. When actuarial data become  
3 available, a separate rate shall be established as provided in  
4 subparagraph (i) of this Section.

5 The municipality contribution rate for a public agency,  
6 other than a vocational education cooperative, formed under  
7 the Intergovernmental Cooperation Act shall initially be the  
8 average rate for the municipalities which are parties to the  
9 intergovernmental agreement. When actuarial data become  
10 available, a separate rate shall be established as provided in  
11 subparagraph (i) of this Section.

12 (h) Each participating municipality and participating  
13 instrumentality shall make the contributions in the amounts  
14 provided in this Section in the manner prescribed from time to  
15 time by the Board and all such contributions shall be  
16 obligations of the respective participating municipalities and  
17 participating instrumentalities to this fund. The failure to  
18 deduct any employee contributions shall not relieve the  
19 participating municipality or participating instrumentality of  
20 its obligation to this fund. Delinquent payments of  
21 contributions due under this Section may, with interest, be  
22 recovered by civil action against the participating  
23 municipalities or participating instrumentalities.  
24 Municipality contributions, other than the amount necessary  
25 for employee contributions, for periods of service by  
26 employees from whose earnings no deductions were made for

1 employee contributions to the fund, may be charged to the  
2 municipality reserve for the municipality or participating  
3 instrumentality.

4 (i) Contributions by participating instrumentalities shall  
5 be determined as provided herein except that the percentage  
6 derived under subparagraph 2 of paragraph (b) of this Section,  
7 and the amount payable under subparagraph 4 of paragraph (a)  
8 of this Section, shall be based on an amortization period of 10  
9 years.

10 (j) Notwithstanding the other provisions of this Section,  
11 the additional unfunded liability accruing as a result of  
12 Public Act 94-712 shall be amortized over a period of 30 years  
13 beginning on January 1 of the second calendar year following  
14 the calendar year in which Public Act 94-712 takes effect,  
15 except that the employer may provide for a longer amortization  
16 period by adopting a resolution or ordinance specifying a  
17 35-year or 40-year period and submitting a certified copy of  
18 the ordinance or resolution to the fund no later than June 1 of  
19 the calendar year following the calendar year in which Public  
20 Act 94-712 takes effect.

21 (k) If the amount of a participating employee's reported  
22 earnings for any of the 12-month periods used to determine the  
23 final rate of earnings exceeds the employee's 12-month  
24 reported earnings with the same employer for the previous year  
25 by the greater of 6% or 1.5 times the annual increase in the  
26 Consumer Price Index-U, as established by the United States

1 Department of Labor for the preceding September, the  
2 participating municipality or participating instrumentality  
3 that paid those earnings shall pay to the Fund, in addition to  
4 any other contributions required under this Article, the  
5 present value of the increase in the pension resulting from  
6 the portion of the increase in reported earnings that is in  
7 excess of the greater of 6% or 1.5 times the annual increase in  
8 the Consumer Price Index-U, as determined by the Fund. This  
9 present value shall be computed on the basis of the actuarial  
10 assumptions and tables used in the most recent actuarial  
11 valuation of the Fund that is available at the time of the  
12 computation.

13 Whenever it determines that a payment is or may be  
14 required under this subsection (k), the fund shall calculate  
15 the amount of the payment and bill the participating  
16 municipality or participating instrumentality for that amount.  
17 The bill shall specify the calculations used to determine the  
18 amount due. If the participating municipality or participating  
19 instrumentality disputes the amount of the bill, it may,  
20 within 30 days after receipt of the bill, apply to the fund in  
21 writing for a recalculation. The application must specify in  
22 detail the grounds of the dispute. Upon receiving a timely  
23 application for recalculation, the fund shall review the  
24 application and, if appropriate, recalculate the amount due.  
25 The participating municipality and participating  
26 instrumentality contributions required under this subsection

1 (k) may be paid in the form of a lump sum within 90 days after  
2 receipt of the bill. If the participating municipality and  
3 participating instrumentality contributions are not paid  
4 within 90 days after receipt of the bill, then interest will be  
5 charged at a rate equal to the fund's annual actuarially  
6 assumed rate of return on investment compounded annually from  
7 the 91st day after receipt of the bill. Payments must be  
8 concluded within 7 years after receipt of the bill by the  
9 participating municipality or participating instrumentality.

10 When assessing payment for any amount due under this  
11 subsection (k), the fund shall exclude earnings increases  
12 resulting from overload or overtime earnings.

13 When assessing payment for any amount due under this  
14 subsection (k), the fund shall exclude earnings increases  
15 resulting from payments for unused vacation time, but only for  
16 payments for unused vacation time made in the final 3 months of  
17 the final rate of earnings period.

18 When assessing payment for any amount due under this  
19 subsection (k), the fund shall also exclude earnings increases  
20 attributable to standard employment promotions resulting in  
21 increased responsibility and workload.

22 When assessing payment for any amount due under this  
23 subsection (k), the fund shall exclude reportable earnings  
24 increases resulting from periods where the member was paid  
25 through workers' compensation.

26 This subsection (k) does not apply to earnings increases

1 due to amounts paid as required by federal or State law or  
2 court mandate or to earnings increases due to the  
3 participating employee returning to the regular number of  
4 hours worked after having a temporary reduction in the number  
5 of hours worked.

6 This subsection (k) does not apply to earnings increases  
7 paid to individuals under contracts or collective bargaining  
8 agreements entered into, amended, or renewed before January 1,  
9 2012 (the effective date of Public Act 97-609), earnings  
10 increases paid to members who are 10 years or more from  
11 retirement eligibility, or earnings increases resulting from  
12 an increase in the number of hours required to be worked.

13 When assessing payment for any amount due under this  
14 subsection (k), the fund shall also exclude earnings  
15 attributable to personnel policies adopted before January 1,  
16 2012 (the effective date of Public Act 97-609) as long as those  
17 policies are not applicable to employees who begin service on  
18 or after January 1, 2012 (the effective date of Public Act  
19 97-609).

20 The change made to this Section by Public Act 100-139 is a  
21 clarification of existing law and is intended to be  
22 retroactive to January 1, 2012 (the effective date of Public  
23 Act 97-609).

24 (Source: P.A. 103-464, eff. 8-4-23; 104-284, eff. 8-15-25.)

25 (40 ILCS 5/7-205) (from Ch. 108 1/2, par. 7-205)

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

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

16           (A) for purposes of calculating the annuity reserve,  
17 an annuity will be calculated based on service and  
18 adjusted earnings with each employer (without regard to  
19 the vesting requirement contained in subsection (a) of  
20 Section 7-142); and

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

26           Aggregate municipality charges for concurrent service

1 shall be prorated based on the employee's earnings. The  
2 municipality charges for retirement annuities calculated under  
3 subparagraph a. of paragraph 1. of subsection (a) of Section  
4 7-142 shall be prorated based on actual contributions.

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

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

14 4. Beginning January 1, 1989, when a retirement annuity is  
15 awarded, an amount equal to the present value of the \$8,000  
16 (\$3,000 for those who first retired prior to the effective  
17 date of this amendatory Act of the 104th General Assembly)  
18 ~~\$3,000~~ death benefit payable upon the death of the annuitant  
19 shall be transferred to the annuity reserve from the  
20 appropriate municipality reserves in the same manner as the  
21 transfer for annuities.

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

26 6. There shall be credited to the annuity reserve all of

1 the payments made by annuitants under Section 7-144.2, plus an  
2 additional amount from the earnings and experience variation  
3 reserve to fund the cost of the incremental annuities granted  
4 to annuitants making these payments.

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

14 (Source: P.A. 97-319, eff. 1-1-12; 97-609, eff. 1-1-12;  
15 97-813, eff. 7-13-12.)

16 (40 ILCS 5/7-206) (from Ch. 108 1/2, par. 7-206)

17 Sec. 7-206. Death Reserve. All death benefit payments  
18 shall be charged to the Death Reserve, other than the \$8,000  
19 (\$3,000 for those who first retired prior to the effective  
20 date of this amendatory Act of the 104th General Assembly)  
21 ~~\$3,000~~ death benefits paid after December 31, 1988 upon the  
22 death of an annuitant. All contributions for death purposes  
23 under Section 7-172(b)4 shall be credited to the same reserve.  
24 Whenever the balance in such reserve at the close of a year  
25 exceeds 100% of the average annual charges to this account

1 during the 3 preceding calendar years, the basic actuarial  
2 assumptions upon which municipality contribution rates for  
3 these purposes are based, shall be reviewed and revised in  
4 such manner as is deemed necessary to reduce such balance.

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

6 Section 90. The State Mandates Act is amended by adding  
7 Section 8.50 as follows:

8 (30 ILCS 805/8.50 new)

9 Sec. 8.50. Exempt mandate. Notwithstanding Sections 6 and  
10 8 of this Act, no reimbursement by the State is required for  
11 the implementation of any mandate created by this amendatory  
12 Act of the 104th General Assembly.

13 Section 99. Effective date. This Act takes effect upon  
14 becoming law, except that the changes to Sections 7-158,  
15 7-164, 7-172, 7-205, and 7-206 of the Illinois Pension Code  
16 take effect January 1, 2027.