

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 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 amount
10 of any annuity or benefit to which he or a beneficiary is
11 entitled, as follows:

12 1. For prior service: Each participating employee who
13 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, creditable
23 service shall be granted for the entire period of prior

1 service with that employer without any employee
2 contribution.

3 If the effective date of participation for the
4 participating municipality or participating
5 instrumentality is after January 1, 1998, creditable
6 service shall be granted for the last 20% of the period of
7 prior service with that employer, but no more than 5 years,
8 without any employee contribution. A participating
9 employee may establish creditable service for the
10 remainder of the period of prior service with that employer
11 by making an application in writing, accompanied by payment
12 of an employee contribution in an amount determined by the
13 Fund, based on the employee contribution rates in effect at
14 the time of application for the creditable service and the
15 employee's salary rate on the effective date of
16 participation for that employer, plus interest at the
17 effective rate from the date of the prior service to the
18 date of payment. Application for this creditable service
19 may be made at any time while the employee is still in
20 service.

21 A municipality that (i) has at least 35 employees; (ii)
22 is located in a county with at least 2,000,000 inhabitants;
23 and (iii) maintains an independent defined benefit pension
24 plan for the benefit of its eligible employees may restrict
25 creditable service in whole or in part for periods of prior
26 service with the employer if the governing body of the

1 municipality adopts an irrevocable resolution to restrict
2 that creditable service and files the resolution with the
3 board before the municipality's effective date of
4 participation.

5 Any person who has withdrawn from the service of a
6 participating municipality or participating
7 instrumentality prior to the effective date, who reenters
8 the service of the same municipality or participating
9 instrumentality after the effective date and becomes a
10 participating employee is entitled to creditable service
11 for prior service as otherwise provided in this subdivision
12 (a)(1) only if he or she renders 2 years of service as a
13 participating employee after the effective date.
14 Application for such service must be made while in a
15 participating status. The salary rate to be used in the
16 calculation of the required employee contribution, if any,
17 shall be the employee's salary rate at the time of first
18 reentering service with the employer after the employer's
19 effective date of participation.

20 2. For current service, each participating employee
21 shall be credited with:

22 a. Additional credits of amounts equal to each
23 payment of additional contributions received from him
24 under Section 7-173, as of the date the corresponding
25 payment of earnings is payable to him.

26 b. Normal credits of amounts equal to each payment

1 of normal contributions received from him, as of the
2 date the corresponding payment of earnings is payable
3 to him, and normal contributions made for the purpose
4 of establishing out-of-state service credits as
5 permitted under the conditions set forth in paragraph 6
6 of this subsection (a).

7 c. Municipality credits in an amount equal to 1.4
8 times the normal credits, except those established by
9 out-of-state service credits, as of the date of
10 computation of any benefit if these credits would
11 increase the benefit.

12 d. Survivor credits equal to each payment of
13 survivor contributions received from the participating
14 employee as of the date the corresponding payment of
15 earnings is payable, and survivor contributions made
16 for the purpose of establishing out-of-state service
17 credits.

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

26 4. For authorized leave of absence without pay: A

1 participating employee shall be granted credits and
2 creditable service for periods of authorized leave of
3 absence without pay under the following conditions:

4 a. An application for credits and creditable
5 service is submitted to the board while the employee is
6 in a status of active employment.

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

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

23 d. Benefits under the provisions of Sections
24 7-141, 7-146, 7-150 and 7-163 shall become payable to
25 employees on authorized leave of absence, or their
26 designated beneficiary, only if such leave of absence

1 is creditable hereunder, and if the employee has at
2 least one year of creditable service other than the
3 service granted for leave of absence. Any employee
4 contributions due may be deducted from any benefits
5 payable.

6 e. No credits or creditable service shall be
7 allowed for leave of absence without pay during any
8 period of prior service.

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

1 service and no additional death and no disability benefits
2 are payable for death or disability during such period.

3 Any participating employee who left his employment
4 with a municipality or participating instrumentality to
5 serve in the armed forces of the United States and who
6 again became a participating employee within 90 days after
7 completion of full time active duty by entering the service
8 of a different municipality or participating
9 instrumentality, which has elected to allow creditable
10 service for periods of military service under the preceding
11 paragraph, shall also be allowed creditable service for his
12 period of military service on the same terms that would
13 apply if he had been employed, before entering military
14 service, by the municipality or instrumentality which
15 employed him after he left the military service and the
16 employer costs arising in relation to such grant of
17 creditable service shall be charged to and paid by that
18 municipality or instrumentality.

19 Notwithstanding the foregoing, any participating
20 employee shall be entitled to creditable service as
21 required by any federal law relating to re-employment
22 rights of persons who served in the United States Armed
23 Services. Such creditable service shall be granted upon
24 payment by the member of an amount equal to the employee
25 contributions which would have been required had the
26 employee continued in service at the same rate of earnings

1 during the military leave period, plus interest at the
2 effective rate.

3 5.1. In addition to any creditable service established
4 under paragraph 5 of this subsection (a), creditable
5 service may be granted for up to 48 months of service in
6 the armed forces of the United States.

7 In order to receive creditable service for military
8 service under this paragraph 5.1, a participating employee
9 must (1) apply to the Fund in writing and provide evidence
10 of the military service that is satisfactory to the Board;
11 (2) obtain the written approval of the current employer;
12 and (3) make contributions to the Fund equal to (i) the
13 employee contributions that would have been required had
14 the service been rendered as a member, plus (ii) an amount
15 determined by the board to be equal to the employer's
16 normal cost of the benefits accrued for that military
17 service, plus (iii) interest on items (i) and (ii) from the
18 date of first membership in the Fund to the date of
19 payment. The required interest shall be calculated at the
20 regular interest rate.

21 The changes made to this paragraph 5.1 by Public Acts
22 95-483 and 95-486 apply only to participating employees in
23 service on or after August 28, 2007 (the effective date of
24 those Public Acts).

25 6. For out-of-state service: Creditable service shall
26 be granted for service rendered to an out-of-state local

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

19 7. For retroactive service: Any employee who could have
20 but did not elect to become a participating employee, or
21 who should have been a participant in the Municipal Public
22 Utilities Annuity and Benefit Fund before that fund was
23 superseded, may receive creditable service for the period
24 of service not to exceed 50 months; however, a current or
25 former elected or appointed official of a participating
26 municipality may establish credit under this paragraph 7

1 for more than 50 months of service as an official of that
2 municipality, if the excess over 50 months is approved by
3 resolution of the governing body of the affected
4 municipality filed with the Fund before January 1, 2002.

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

25 8. For accumulated unused sick leave: A participating
26 employee who is applying for a retirement annuity shall be

1 entitled to creditable service for that portion of the
2 employee's accumulated unused sick leave for which payment
3 is not received, as follows:

4 a. Sick leave days shall be limited to those
5 accumulated under a sick leave plan established by a
6 participating municipality or participating
7 instrumentality which is available to all employees or
8 a class of employees.

9 b. Except as provided in item b-1, only sick leave
10 days accumulated with a participating municipality or
11 participating instrumentality with which the employee
12 was in service within 60 days of the effective date of
13 his retirement annuity shall be credited; If the
14 employee was in service with more than one employer
15 during this period only the sick leave days with the
16 employer with which the employee has the greatest
17 number of unpaid sick leave days shall be considered.

18 b-1. If the employee was in the service of more
19 than one employer as defined in item (2) of paragraph
20 (a) of subsection (A) of Section 7-132, then the sick
21 leave days from all such employers shall be credited,
22 as long as the creditable service attributed to those
23 sick leave days does not exceed the limitation in item
24 d ~~¶~~ of this paragraph 8. If the employee was in the
25 service of more than one employer described in
26 paragraph (c) of subsection (B) of Section 7-132 on or

1 after the effective date of this amendatory Act of the
2 101st General Assembly, then the sick leave days from
3 all such employers, except for employers from which the
4 employee terminated service before the effective date
5 of this amendatory Act of the 101st General Assembly,
6 shall be credited, as long as the creditable service
7 attributed to those sick leave days does not exceed the
8 limitation in item d of this paragraph 8. In
9 calculating the creditable service under this item
10 b-1, the sick leave days from the last employer shall
11 be considered first, then the remaining sick leave days
12 shall be considered until there are no more days or the
13 maximum creditable sick leave threshold under item d ~~≠~~
14 of this paragraph 8 has been reached.

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

22 d. The creditable service shall be at the rate of
23 1/20 of a month for each full sick day, provided that
24 no more than 12 months may be credited under this
25 subdivision 8.

26 e. Employee contributions shall not be required

1 for creditable service under this subdivision 8.

2 f. Each participating municipality and
3 participating instrumentality with which an employee
4 has service within 60 days of the effective date of his
5 retirement annuity shall certify to the board the
6 number of accumulated unpaid sick leave days credited
7 to the employee at the time of termination of service.

8 9. For service transferred from another system:
9 Credits and creditable service shall be granted for service
10 under Article 4, 5, 8, 14, or 16 of this Act, to any active
11 member of this Fund, and to any inactive member who has
12 been a county sheriff, upon transfer of such credits
13 pursuant to Section 4-108.3, 5-235, 8-226.7, 14-105.6, or
14 16-131.4, and payment by the member of the amount by which
15 (1) the employer and employee contributions that would have
16 been required if he had participated in this Fund as a
17 sheriff's law enforcement employee during the period for
18 which credit is being transferred, plus interest thereon at
19 the effective rate for each year, compounded annually, from
20 the date of termination of the service for which credit is
21 being transferred to the date of payment, exceeds (2) the
22 amount actually transferred to the Fund. Such transferred
23 service shall be deemed to be service as a sheriff's law
24 enforcement employee for the purposes of Section 7-142.1.

25 10. (Blank).

26 11. For service transferred from an Article 3 system

1 under Section 3-110.3: Credits and creditable service
2 shall be granted for service under Article 3 of this Act as
3 provided in Section 3-110.3, to any active member of this
4 Fund, upon transfer of such credits pursuant to Section
5 3-110.3. If the board determines that the amount
6 transferred is less than the true cost to the Fund of
7 allowing that creditable service to be established, then in
8 order to establish that creditable service, the member must
9 pay to the Fund an additional contribution equal to the
10 difference, as determined by the board in accordance with
11 the rules and procedures adopted under this paragraph. If
12 the member does not make the full additional payment as
13 required by this paragraph prior to termination of his
14 participation with that employer, then his or her
15 creditable service shall be reduced by an amount equal to
16 the difference between the amount transferred under
17 Section 3-110.3, including any payments made by the member
18 under this paragraph prior to termination, and the true
19 cost to the Fund of allowing that creditable service to be
20 established, as determined by the board in accordance with
21 the rules and procedures adopted under this paragraph.

22 The board shall establish by rule the manner of making
23 the calculation required under this paragraph 11, taking
24 into account the appropriate actuarial assumptions; the
25 member's service, age, and salary history, and any other
26 factors that the board determines to be relevant.

1 12. For omitted service: Any employee who was employed
2 by a participating employer in a position that required
3 participation, but who was not enrolled in the Fund, may
4 establish such credits under the following conditions:

5 a. Application for such credits is received by the
6 Board while the employee is an active participant of
7 the Fund or a reciprocal retirement system.

8 b. Eligibility for participation and earnings are
9 verified by the Authorized Agent of the participating
10 employer for which the service was rendered.

11 Creditable service under this paragraph shall be
12 granted upon payment of the employee contributions that
13 would have been required had he participated, which shall
14 be calculated by the Fund using the member contribution
15 rate in effect during the period that the service was
16 rendered.

17 (b) Creditable service - amount:

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

1 January 1 and ending December 31.

2 2. A seasonal employee shall be given 12 months of
3 creditable service if he renders the number of months of
4 service normally required by the position in a 12-month
5 period and he remains in service for the entire 12-month
6 period. Otherwise a fractional year of service in the
7 number of months of service rendered shall be credited.

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

11 (c) No application for correction of credits or creditable
12 service shall be considered unless the board receives an
13 application for correction while (1) the applicant is a
14 participating employee and in active employment with a
15 participating municipality or instrumentality, or (2) while
16 the applicant is actively participating in a pension fund or
17 retirement system which is a participating system under the
18 Retirement Systems Reciprocal Act. A participating employee or
19 other applicant shall not be entitled to credits or creditable
20 service unless the required employee contributions are made in
21 a lump sum or in installments made in accordance with board
22 rule. Payments made to establish service credit under paragraph
23 1, 4, 5, 5.1, 6, 7, or 12 of subsection (a) of this Section must
24 be received by the Board while the applicant is an active
25 participant in the Fund or a reciprocal retirement system,
26 except that an applicant may make one payment after termination

1 of active participation in the Fund or a reciprocal retirement
2 system.

3 (d) Upon the granting of a retirement, surviving spouse or
4 child annuity, a death benefit or a separation benefit, on
5 account of any employee, all individual accumulated credits
6 shall thereupon terminate. Upon the withdrawal of additional
7 contributions, the credits applicable thereto shall thereupon
8 terminate. Terminated credits shall not be applied to increase
9 the benefits any remaining employee would otherwise receive
10 under this Article.

11 (Source: P.A. 100-148, eff. 8-18-17.)

12 Section 90. The State Mandates Act is amended by adding
13 Section 8.43 as follows:

14 (30 ILCS 805/8.43 new)

15 Sec. 8.43. Exempt mandate. Notwithstanding Sections 6 and 8
16 of this Act, no reimbursement by the State is required for the
17 implementation of any mandate created by this amendatory Act of
18 the 101st General Assembly.

19 Section 99. Effective date. This Act takes effect upon
20 becoming law.