



## 93RD GENERAL ASSEMBLY

### State of Illinois

### 2003 and 2004

#### HB4948

Introduced 2/5/2004, by Robert S. Molaro

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/7-114	from Ch. 108 1/2, par. 7-114
40 ILCS 5/7-118	from Ch. 108 1/2, par. 7-118
40 ILCS 5/7-139	from Ch. 108 1/2, par. 7-139
40 ILCS 5/7-153.1 new	
40 ILCS 5/7-170	from Ch. 108 1/2, par. 7-170
40 ILCS 5/7-171	from Ch. 108 1/2, par. 7-171
40 ILCS 5/7-173	from Ch. 108 1/2, par. 7-173
40 ILCS 5/7-205	from Ch. 108 1/2, par. 7-205
40 ILCS 5/7-211	from Ch. 108 1/2, par. 7-211
30 ILCS 805/8.28 new	

Amends the IMRF Article of the Illinois Pension Code. Provides that any moneys received by an elected official from the State of Illinois for service in that capacity shall be deemed earnings unless specifically excluded. Changes the provisions defining and specifying the manner of designating a beneficiary. Removes obsolete language relating to the payment of federal social security contributions to the Fund. Makes a change in the required contribution for transfer of credits to IMRF from a downstate police pension fund for certain police chiefs who participate in IMRF. Provides that an employee whose disability determination or medical examination results are at issue before the Board may request that the portion of the Board meeting or committee hearing concerning the disability determination or medical examination be closed to the public. Provides that if a retiring employee has accumulated nonconcurrent service with more than one participating municipality or participating instrumentality, aggregate municipality charges shall be prorated among all nonfinal employers based on service credit and projected earnings with those employers and, for the final employer, municipality charges shall be based on the remaining cost of the employee's pension. Makes a technical correction. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB093 19851 LRD 45594 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

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 Sections 7-114, 7-118, 7-139, 7-170, 7-171, 7-173, 7-205, and  
6 7-211 and by adding Section 7-153.1 as follows:

7 (40 ILCS 5/7-114) (from Ch. 108 1/2, par. 7-114)

8 Sec. 7-114. Earnings. "Earnings":

9 (a) An amount to be determined by the board, equal to the  
10 sum of:

11 1. The total amount of money paid to an employee for  
12 personal services or official duties as an employee (except  
13 those employed as independent contractors) paid out of the  
14 general fund, or out of any special funds controlled by the  
15 municipality, or by any instrumentality thereof, or  
16 participating instrumentality, including compensation,  
17 fees, allowances, or other emolument paid for official  
18 duties (but not including automobile maintenance, travel  
19 expense, or reimbursements for expenditures incurred in  
20 the performance of duties) and, for fee offices, the fees  
21 or earnings of the offices to the extent such fees are paid  
22 out of funds controlled by the municipality, or  
23 instrumentality or participating instrumentality; and

24 2. The money value, as determined by rules prescribed  
25 by the governing body of the municipality, or  
26 instrumentality thereof, of any board, lodging, fuel,  
27 laundry, and other allowances provided an employee in lieu  
28 of money.

29 (b) For purposes of determining benefits payable under this  
30 fund payments to a person who is engaged in an independently  
31 established trade, occupation, profession or business and who  
32 is paid for his service on a basis other than a monthly or

1 other regular salary, are not earnings.

2 (c) If a disabled participating employee is eligible to  
3 receive Workers' Compensation for an accidental injury and the  
4 participating municipality or instrumentality which employed  
5 the participating employee when injured continues to pay the  
6 participating employee regular salary or other compensation or  
7 pays the employee an amount in excess of the Workers'  
8 Compensation amount, then earnings shall be deemed to be the  
9 total payments, including an amount equal to the Workers'  
10 Compensation payments. These payments shall be subject to  
11 employee contributions and allocated as if paid to the  
12 participating employee when the regular payroll amounts would  
13 have been paid if the participating employee had continued  
14 working, and creditable service shall be awarded for this  
15 period.

16 (d) If an elected official who is a participating employee  
17 becomes disabled but does not resign and is not removed from  
18 office, then earnings shall include all salary payments made  
19 for the remainder of that term of office and the official shall  
20 be awarded creditable service for the term of office.

21 (e) If a participating employee is paid pursuant to "An Act  
22 to provide for the continuation of compensation for law  
23 enforcement officers, correctional officers and firemen who  
24 suffer disabling injury in the line of duty", approved  
25 September 6, 1973, as amended, the payments shall be deemed  
26 earnings, and the participating employee shall be awarded  
27 creditable service for this period.

28 (f) Additional compensation received by a person while  
29 serving as a supervisor of assessments, assessor, deputy  
30 assessor or member of a board of review from the State of  
31 Illinois pursuant to Section 4-10 or 4-15 of the Property Tax  
32 Code shall not be earnings for purposes of this Article and  
33 shall not be included in the contribution formula or  
34 calculation of benefits for such person pursuant to this  
35 Article.

36 (g) Any moneys received by an elected official from the

1 State of Illinois for service in that capacity shall be deemed  
2 earnings unless specifically excluded in this Code.

3 (Source: P.A. 87-740; 88-670, eff. 12-2-94.)

4 (40 ILCS 5/7-118) (from Ch. 108 1/2, par. 7-118)

5 Sec. 7-118. "Beneficiary" .~~+~~

6 (a) "Beneficiary" means:

7 (1) Any person or persons, trust, or charity designated  
8 as a beneficiary by an employee, former employee who has  
9 not yet received a retirement annuity or separation  
10 benefit, or employee annuitant. If no designation is on  
11 file or no beneficiary so designated survives, the estate  
12 of the employee, former employee who has not yet received a  
13 retirement annuity or separation benefit, or employee  
14 annuitant.

15 (2) Any person or persons, trust, or charity designated  
16 as a beneficiary by a beneficiary annuitant or, if no  
17 designation is on file or no beneficiary so designated  
18 survives, the estate of the beneficiary annuitant. ~~The~~  
19 ~~surviving spouse of an employee or of an employee~~  
20 ~~annuitant, or if no surviving spouse survives, the person~~  
21 ~~or persons designated by a participating employee or~~  
22 ~~employee annuitant, or if no person so designated survives,~~  
23 ~~or if no designation is on file, the estate of the employee~~  
24 ~~or employee annuitant. The person or persons designated by~~  
25 ~~a beneficiary annuitant, or if no person designated~~  
26 ~~survives, or if no designation is on file, the estate of~~  
27 ~~the beneficiary annuitant.~~

28 (3) The estate of a surviving spouse annuitant where  
29 the employee or employee annuitant filed no designation, or  
30 no person designated survives at the death of a surviving  
31 spouse annuitant.

32 (b) Designations of beneficiaries shall be in writing on  
33 forms prescribed by the board and effective upon filing in the  
34 fund offices. The designation forms shall provide for  
35 contingent beneficiaries. Divorce, dissolution or annulment of

1 marriage revokes the designation of an employee's former spouse  
2 as a beneficiary on a designation executed before entry of  
3 judgment for divorce, dissolution or annulment of marriage.

4 ~~(b) Notwithstanding the foregoing, an employee, former~~  
5 ~~employee who has not yet received a retirement annuity or~~  
6 ~~separation benefit, or employee annuitant may elect to name any~~  
7 ~~person, trust or charity to be the primary beneficiary of any~~  
8 ~~death benefit payable by reason of his death. Such election~~  
9 ~~shall state specifically whether it is his intention to exclude~~  
10 ~~the spouse, shall be in writing, and may be revoked at any~~  
11 ~~time. Such election or revocation shall take effect upon being~~  
12 ~~filed in the fund offices.~~

13 ~~(c) If a surviving spouse annuity is payable to a former~~  
14 ~~spouse upon the death of an employee annuitant, the former~~  
15 ~~spouse, unless designated by the employee annuitant after~~  
16 ~~dissolution of the marriage, shall not be the beneficiary for~~  
17 ~~the purposes of the \$3,000 death benefit payable under~~  
18 ~~subparagraph 6 of Section 7-164. This benefit shall be paid to~~  
19 ~~the designated beneficiary of the employee annuitant or, if~~  
20 ~~there is no designation, then to the estate of the employee~~  
21 ~~annuitant.~~

22 (Source: P.A. 89-136, eff. 7-14-95; 90-448, eff. 8-16-97.)

23 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)

24 Sec. 7-139. Credits and creditable service to employees.

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

29 1. For prior service: Each participating employee who  
30 is an employee of a participating municipality or  
31 participating instrumentality on the effective date shall  
32 be granted creditable service, but no credits under  
33 paragraph 2 of this subsection (a), for periods of prior  
34 service for which credit has not been received under any  
35 other pension fund or retirement system established under

1 this Code, as follows:

2 If the effective date of participation for the  
3 participating municipality or participating  
4 instrumentality is on or before January 1, 1998, creditable  
5 service shall be granted for the entire period of prior  
6 service with that employer without any employee  
7 contribution.

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

26 Any person who has withdrawn from the service of a  
27 participating municipality or participating  
28 instrumentality prior to the effective date, who reenters  
29 the service of the same municipality or participating  
30 instrumentality after the effective date and becomes a  
31 participating employee is entitled to creditable service  
32 for prior service as otherwise provided in this subdivision  
33 (a)(1) only if he or she renders 2 years of service as a  
34 participating employee after the effective date.  
35 Application for such service must be made while in a  
36 participating status. The salary rate to be used in the

1 calculation of the required employee contribution, if any,  
2 shall be the employee's salary rate at the time of first  
3 reentering service with the employer after the employer's  
4 effective date of participation.

5 2. For current service, each participating employee  
6 shall be credited with:

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

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

18 c. Municipality credits in an amount equal to 1.4  
19 times the normal credits, except those established by  
20 out-of-state service credits, as of the date of  
21 computation of any benefit if these credits would  
22 increase the benefit.

23 d. Survivor credits equal to each payment of  
24 survivor contributions received from the participating  
25 employee as of the date the corresponding payment of  
26 earnings is payable, and survivor contributions made  
27 for the purpose of establishing out-of-state service  
28 credits.

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

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

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

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

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

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

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



1 period of prior service.

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

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

1 municipality or instrumentality.

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

12 5.1. In addition to any creditable service established  
13 under paragraph 5 of this subsection (a), creditable  
14 service may be granted for up to 24 months of service in  
15 the armed forces of the United States.

16 In order to receive creditable service for military  
17 service under this paragraph 5.1, a participating employee  
18 must (1) apply to the Fund in writing and provide evidence  
19 of the military service that is satisfactory to the Board;  
20 (2) obtain the written approval of the current employer;  
21 and (3) make contributions to the Fund equal to (i) the  
22 employee contributions that would have been required had  
23 the service been rendered as a member, plus (ii) an amount  
24 determined by the board to be equal to the employer's  
25 normal cost of the benefits accrued for that military  
26 service, plus (iii) interest on items (i) and (ii) from the  
27 date of first membership in the Fund to the date of  
28 payment. If payment is made during the 6-month period that  
29 begins 3 months after the effective date of this amendatory  
30 Act of 1997, the required interest shall be at the rate of  
31 2.5% per year, compounded annually; otherwise, the  
32 required interest shall be calculated at the regular  
33 interest rate.

34 6. For out-of-state service: Creditable service shall  
35 be granted for service rendered to an out-of-state local  
36 governmental body under the following conditions: The

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

18 7. For retroactive service: Any employee who could have  
19 but did not elect to become a participating employee, or  
20 who should have been a participant in the Municipal Public  
21 Utilities Annuity and Benefit Fund before that fund was  
22 superseded, may receive creditable service for the period  
23 of service not to exceed 50 months; however, a current or  
24 former elected or appointed official of a participating  
25 municipality may establish credit under this paragraph 7  
26 for more than 50 months of service as an official of that  
27 municipality, if the excess over 50 months is approved by  
28 resolution of the governing body of the affected  
29 municipality filed with the Fund before January 1, 2002.

30 Any employee who is a participating employee on or  
31 after September 24, 1981 and who was excluded from  
32 participation by the age restrictions removed by Public Act  
33 82-596 may receive creditable service for the period, on or  
34 after January 1, 1979, excluded by the age restriction and,  
35 in addition, if the governing body of the participating  
36 municipality or participating instrumentality elects to

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

14 8. For accumulated unused sick leave: A participating  
15 employee who is applying for a retirement annuity shall be  
16 entitled to creditable service for that portion of the  
17 employee's accumulated unused sick leave for which payment  
18 is not received, as follows:

19 a. Sick leave days shall be limited to those  
20 accumulated under a sick leave plan established by a  
21 participating municipality or participating  
22 instrumentality which is available to all employees or  
23 a class of employees.

24 b. Only sick leave days accumulated with a  
25 participating municipality or participating  
26 instrumentality with which the employee was in service  
27 within 60 days of the effective date of his retirement  
28 annuity shall be credited; If the employee was in  
29 service with more than one employer during this period  
30 only the sick leave days with the employer with which  
31 the employee has the greatest number of unpaid sick  
32 leave days shall be considered.

33 c. The creditable service granted shall be  
34 considered solely for the purpose of computing the  
35 amount of the retirement annuity and shall not be used  
36 to establish any minimum service period required by any

1 provision of the Illinois Pension Code, the effective  
2 date of the retirement annuity, or the final rate of  
3 earnings.

4 d. The creditable service shall be at the rate of  
5 1/20 of a month for each full sick day, provided that  
6 no more than 12 months may be credited under this  
7 subdivision 8.

8 e. Employee contributions shall not be required  
9 for creditable service under this subdivision 8.

10 f. Each participating municipality and  
11 participating instrumentality with which an employee  
12 has service within 60 days of the effective date of his  
13 retirement annuity shall certify to the board the  
14 number of accumulated unpaid sick leave days credited  
15 to the employee at the time of termination of service.

16 9. For service transferred from another system: Except  
17 as otherwise provided in paragraph 10, credits and  
18 creditable service shall be granted for service under  
19 Article 3, 4, 5, 14 or 16 of this Act, to any active member  
20 of this Fund, and to any inactive member who has been a  
21 county sheriff, upon transfer of such credits pursuant to  
22 Section 3-110.3, 4-108.3, 5-235, 14-105.6 or 16-131.4, and  
23 payment by the member of the amount by which (1) the  
24 employer and employee contributions that would have been  
25 required if he had participated in this Fund as a sheriff's  
26 law enforcement employee during the period for which credit  
27 is being transferred, plus interest thereon at the  
28 effective rate for each year, compounded annually, from the  
29 date of termination of the service for which credit is  
30 being transferred to the date of payment, exceeds (2) the  
31 amount actually transferred to the Fund. Such transferred  
32 service shall be deemed to be service as a sheriff's law  
33 enforcement employee for the purposes of Section 7-142.1.

34 10. For service transferred from Article 3 by persons  
35 first joining the Fund on or after the effective date of  
36 this amendatory Act of the 93rd General Assembly pursuant

1 to an election under Section 3-109.1: Credits and  
2 creditable service shall be granted for service under  
3 Article 3 of this Code to an active member of this Fund  
4 upon transfer of such credits pursuant to Section 3-110.3  
5 and payment by the member of the amount by which (1) the  
6 present actuarial value of the increase in benefits  
7 resulting from the transfer, determined by the Board as of  
8 the time of the transfer, exceeds (2) the amount actually  
9 transferred to the Fund under Section 3-110.3. The  
10 transferred service shall be deemed to be service as a  
11 sheriff's law enforcement employee for the purposes of  
12 Section 7-142.1.

13 (b) Creditable service - amount:

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

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

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

33 (c) No application for correction of credits or creditable  
34 service shall be considered unless the board receives an  
35 application for correction while (1) the applicant is a  
36 participating employee and in active employment with a

1 participating municipality or instrumentality, or (2) while  
2 the applicant is actively participating in a pension fund or  
3 retirement system which is a participating system under the  
4 Retirement Systems Reciprocal Act. A participating employee or  
5 other applicant shall not be entitled to credits or creditable  
6 service unless the required employee contributions are made in  
7 a lump sum or in installments made in accordance with board  
8 rule.

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

17 (Source: P.A. 91-887, eff. 7-6-00; 92-424, eff. 8-17-01.)

18 (40 ILCS 5/7-153.1 new)

19 Sec. 7-153.1. Disability hearings; request for closed  
20 meeting. Those portions of meetings of the Board or of Board  
21 committees in which matters relating to the determination of  
22 disability or the results of medical examinations are to be  
23 considered may be closed, but only if the request for a closed  
24 meeting is initiated by the participating employee whose  
25 disability determination or whose medical examination results  
26 are at issue.

27 (40 ILCS 5/7-170) (from Ch. 108 1/2, par. 7-170)

28 Sec. 7-170. Federal Social Security coverage.

29 (a) It is declared to be the policy and purpose of this  
30 Section to extend to covered employees as defined in Section  
31 7-138, the benefits of the Federal Old Age and Survivors  
32 Insurance System as authorized by the Federal Social Security  
33 Act and amendments thereto. To effect this, the board shall  
34 take such action as may be required by applicable State and

1 Federal laws or regulations.

2 (b) The board shall execute an agreement with the State  
3 Agency to secure coverage of covered employees as provided in  
4 paragraph (a) of this section.

5 (c) Each participating municipality and each participating  
6 instrumentality shall remit payment of contributions for  
7 Social Security purposes on behalf of covered employees and  
8 covered municipalities and participating instrumentalities in  
9 the manner provided by law ~~as required by the board and the~~  
10 ~~State Agency established by the Social Security Enabling Act.~~

11 (d) (Blank). ~~Contributions of covered employees to this~~  
12 ~~fund for Federal Social Security purposes shall be paid to the~~  
13 ~~State Agency in such amounts and at such time as are designated~~  
14 ~~by State laws or regulations.~~

15 (e) (Blank). ~~Contributions in behalf of covered~~  
16 ~~municipalities and participating instrumentalities for Federal~~  
17 ~~Social Security purposes and the required pro rata share of~~  
18 ~~administrative expenses shall be paid to the State Agency from~~  
19 ~~this fund in accordance with applicable State laws and~~  
20 ~~regulations.~~

21 (f) The board shall maintain such records and submit such  
22 reports as may be required by applicable State and Federal laws  
23 or regulations.

24 (Source: P.A. 81-793.)

25 (40 ILCS 5/7-171) (from Ch. 108 1/2, par. 7-171)

26 Sec. 7-171. Finance; taxes.

27 (a) Each municipality other than a school district shall  
28 appropriate an amount sufficient to provide for the current  
29 municipality contributions required by Section 7-172 of this  
30 Article, for the fiscal year for which the appropriation is  
31 made and all amounts due for municipal contributions for  
32 previous years. Those municipalities which have been assessed  
33 an annual amount to amortize its unfunded obligation, as  
34 provided in subparagraph 4 ~~5~~ of paragraph (a) of Section 7-172  
35 of this Article, shall include in the appropriation an amount



1 sufficient to pay the amount assessed. The appropriation shall  
2 be based upon an estimate of assets available for municipality  
3 contributions and liabilities therefor for the fiscal year for  
4 which appropriations are to be made, including funds available  
5 from levies for this purpose in prior years.

6 (b) For the purpose of providing monies for municipality  
7 contributions, beginning for the year in which a municipality  
8 is included in this fund:

9 (1) A municipality other than a school district may  
10 levy a tax which shall not exceed the amount appropriated  
11 for municipality contributions.

12 (2) A school district may levy a tax in an amount  
13 reasonably calculated at the time of the levy to provide  
14 for the municipality contributions required under Section  
15 7-172 of this Article for the fiscal years for which  
16 revenues from the levy will be received and all amounts due  
17 for municipal contributions for previous years. Any levy  
18 adopted before the effective date of this amendatory Act of  
19 1995 by a school district shall be considered valid and  
20 authorized to the extent that the amount was reasonably  
21 calculated at the time of the levy to provide for the  
22 municipality contributions required under Section 7-172  
23 for the fiscal years for which revenues from the levy will  
24 be received and all amounts due for municipal contributions  
25 for previous years. In no event shall a budget adopted by a  
26 school district limit a levy of that school district  
27 adopted under this Section.

28 (c) Any county which is served by a regional office of  
29 education that serves 2 or more counties may include in its  
30 appropriation an amount sufficient to provide its  
31 proportionate share of the municipality contributions for that  
32 regional office of education. The tax levy authorized by this  
33 Section may include an amount necessary to provide monies for  
34 this contribution.

35 (d) Any county that is a part of a multiple-county health  
36 department or consolidated health department which is formed

1 under "An Act in relation to the establishment and maintenance  
2 of county and multiple-county public health departments",  
3 approved July 9, 1943, as amended, and which is a participating  
4 instrumentality may include in the county's appropriation an  
5 amount sufficient to provide its proportionate share of  
6 municipality contributions of the department. The tax levy  
7 authorized by this Section may include the amount necessary to  
8 provide monies for this contribution.

9 (d-5) A school district participating in a special  
10 education joint agreement created under Section 10-22.31 of the  
11 School Code that is a participating instrumentality may include  
12 in the school district's tax levy under this Section an amount  
13 sufficient to provide its proportionate share of the  
14 municipality contributions for current and prior service by  
15 employees of the participating instrumentality created under  
16 the joint agreement.

17 (e) Such tax shall be levied and collected in like manner,  
18 with the general taxes of the municipality and shall be in  
19 addition to all other taxes which the municipality is now or  
20 may hereafter be authorized to levy upon all taxable property  
21 therein, and shall be exclusive of and in addition to the  
22 amount of tax levied for general purposes under Section 8-3-1  
23 of the "Illinois Municipal Code", approved May 29, 1961, as  
24 amended, or under any other law or laws which may limit the  
25 amount of tax which the municipality may levy for general  
26 purposes. The tax may be levied by the governing body of the  
27 municipality without being authorized as being additional to  
28 all other taxes by a vote of the people of the municipality.

29 (f) The county clerk of the county in which any such  
30 municipality is located, in reducing tax levies shall not  
31 consider any such tax as a part of the general tax levy for  
32 municipality purposes, and shall not include the same in the  
33 limitation of any other tax rate which may be extended.

34 (g) The amount of the tax to be levied in any year shall,  
35 within the limits herein prescribed, be determined by the  
36 governing body of the respective municipality.

1 (h) The revenue derived from any such tax levy shall be  
2 used only for the purposes specified in this Article and, as  
3 collected, shall be paid to the treasurer of the municipality  
4 levying the tax. Monies received by a county treasurer for use  
5 in making contributions to a regional office of education for  
6 its municipality contributions shall be held by him for that  
7 purpose and paid to the regional office of education in the  
8 same manner as other monies appropriated for the expense of the  
9 regional office.

10 (Source: P.A. 89-329, eff. 8-17-95; 90-448, eff. 8-16-97;  
11 90-511, eff. 8-22-97; 90-655, eff. 7-30-98.)

12 (40 ILCS 5/7-173) (from Ch. 108 1/2, par. 7-173)

13 Sec. 7-173. Contributions by employees.

14 (a) Each participating employee shall make contributions  
15 to the fund as follows:

16 1. For retirement annuity purposes, normal  
17 contributions of 3 3/4% of earnings.

18 2. Additional contributions of such percentages of  
19 each payment of earnings, as shall be elected by the  
20 employee for retirement annuity purposes, but not in excess  
21 of 10%. The selected rate shall be applicable to all  
22 earnings beginning on the first day of the second month  
23 following receipt by the Board of written notice of  
24 election to make such contributions. Additional  
25 contributions at the selected rate shall be made  
26 concurrently with normal contributions.

27 3. Survivor contributions, by each participating  
28 employee, of 3/4% of each payment of earnings.

29 (b) Each employee shall make contributions ~~to the fund~~ for  
30 Federal Social Security taxes, for periods during which he is a  
31 covered employee, as required by the Social Security Enabling  
32 Act and federal law. For participating employees, such  
33 contributions shall be in addition to those required under  
34 paragraph (a) of this Section.

35 (c) Contributions shall be deducted from each

1 corresponding payment of earnings paid to each employee and  
2 shall be remitted to the board by the participating  
3 municipality or participating instrumentality making such  
4 payment. The remittance, together with a report of the earnings  
5 and contributions shall be made as directed by the board. For  
6 township treasurers and employees of township treasurers  
7 qualifying as employees hereunder, the contributions herein  
8 required as deductions from salary shall be withheld by the  
9 school township trustees from funds available for the payment  
10 of the compensation of such treasurers and employees as  
11 provided in the School Code and remitted to the board.

12 (d) An employee who has made additional contributions under  
13 paragraph (a)2 of this Section may upon retirement or at any  
14 time prior thereto, elect to withdraw the total of such  
15 additional contributions including interest credited thereon  
16 to the end of the preceding calendar year.

17 (e) Failure to make the deductions for employee  
18 contributions provided in paragraph (c) of this Section shall  
19 not relieve the employee from liability for such contributions.  
20 The amount of such liability may be deducted, with interest  
21 charged under Section 7-209, from any annuities or benefits  
22 payable hereunder to the employee or any other person receiving  
23 an annuity or benefit by reason of such employee's  
24 participation.

25 (f) A participating employee who has at least 40 years of  
26 creditable service in the Fund may elect to cease making the  
27 contributions required under this Section. The status of the  
28 employee under this Article shall be unaffected by this  
29 election, except that the employee shall not receive any  
30 additional creditable service for the periods of employment  
31 following the election. An election under this subsection  
32 relieves the employer from making additional employer  
33 contributions in relation to that employee.

34 (Source: P.A. 87-1265.)

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 by  
9 transfer of all the employee credits from the appropriate  
10 employee reserves and by charges to the municipality reserve of  
11 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, (i) in the case of concurrent  
15 service, aggregate municipality charges shall be prorated on a  
16 basis of the employee's earnings ~~in case of concurrent service~~  
17 and (ii) in the case of nonconcurrent service, aggregate  
18 municipality charges shall be prorated among all nonfinal  
19 employers on a basis of service credit and projected earnings  
20 with those employers and, for the final employer, municipality  
21 charges shall be paid on a basis of the remaining cost of the  
22 employee's pension, as determined by the Board. ~~creditable~~  
23 ~~service in other cases.~~

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

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

33           4. Beginning January 1, 1989, when a retirement annuity is  
34 awarded, an amount equal to the present value of the \$3,000  
35 death benefit payable upon the death of the annuitant shall be  
36 transferred to the annuity reserve from the appropriate

1 municipality reserves in the same manner as the transfer for  
2 annuities.

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

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

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

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

22 (40 ILCS 5/7-211) (from Ch. 108 1/2, par. 7-211)

23 Sec. 7-211. Authorizations.

24 (a) Each participating municipality and instrumentality  
25 thereof and each participating instrumentality shall:

26 1. Deduct all normal and additional contributions and  
27 contributions for federal Social Security taxes as  
28 required by the Social Security Enabling Act from each  
29 payment of earnings payable to each participating employee  
30 who is entitled to any earnings from such municipality or  
31 instrumentality thereof or participating instrumentality,  
32 and remit all such normal and additional contributions  
33 immediately to the board and all such contributions for  
34 federal Social Security taxes in the manner provided by  
35 law; and

1           2. Pay to the board contributions required by this  
2           Article.

3           (b) Each participating employee shall, by virtue of the  
4           payment of contributions to this fund, receive a vested  
5           interest in the annuities and benefits provided in this Article  
6           and in consideration of such vested interest shall be deemed to  
7           have agreed and authorized the deduction from earnings of all  
8           contributions payable to this fund in accordance with this  
9           Article.

10          (c) Payment of earnings less the amounts of contributions  
11          provided in this Article and in the Social Security Enabling  
12          Act shall be a full and complete discharge of all claims for  
13          payment for services rendered by any employee during the period  
14          covered by any such payment.

15          (d) Any covered annuitant may authorize the withholding of  
16          all or a portion of his or her annuity, for the payment of  
17          premiums on group accident and health insurance provided  
18          pursuant to Section 7-199.1. The annuitant may revoke this  
19          authorization at any time.

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

21          Section 90. The State Mandates Act is amended by adding  
22          Section 8.28 as follows:

23                 (30 ILCS 805/8.28 new)

24                 Sec. 8.28. Exempt mandate. Notwithstanding Sections 6 and 8  
25                 of this Act, no reimbursement by the State is required for the  
26                 implementation of any mandate created by this amendatory Act of  
27                 the 93rd General Assembly.

28          Section 99. Effective date. This Act takes effect upon  
29          becoming law.