



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB2543

Introduced 2/15/2008, by Sen. Gary G. Dahl

SYNOPSIS AS INTRODUCED:

40 ILCS 5/2-101	from Ch. 108 1/2, par. 2-101
40 ILCS 5/2-105	from Ch. 108 1/2, par. 2-105
40 ILCS 5/2-119.1	from Ch. 108 1/2, par. 2-119.1
40 ILCS 5/2-126	from Ch. 108 1/2, par. 2-126
40 ILCS 5/14-103.05	from Ch. 108 1/2, par. 14-103.05
40 ILCS 5/14-133	from Ch. 108 1/2, par. 14-133
40 ILCS 5/18-101	from Ch. 108 1/2, par. 18-101
40 ILCS 5/18-102	from Ch. 108 1/2, par. 18-102
40 ILCS 5/18-120	from Ch. 108 1/2, par. 18-120

Amends the Illinois Pension Code. Provides that a person who becomes a judge, constitutional officer, or member of the General Assembly on or after the effective date shall participate in the State Employees' Retirement System, unless he or she participated in the Judges or General Assembly Retirement System before that date. Provides that those persons may not have their employee contributions paid on their behalf by the State. In the General Assembly Article, allows a person with more than 20 years of service to elect to stop contributing to the System instead of receiving the accelerated 3% increases to which he or she would otherwise be entitled. Effective immediately.

LRB095 19534 AMC 45850 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

1 AN ACT in relation to 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 2-101, 2-105, 2-119.1, 2-126, 14-103.05, 14-133,
6 18-101, 18-102, and 18-120 as follows:

7 (40 ILCS 5/2-101) (from Ch. 108 1/2, par. 2-101)

8 Sec. 2-101. Creation of system. A retirement system is
9 created to provide retirement annuities, survivor's annuities
10 and other benefits for certain members of the General Assembly,
11 certain elected state officials, and their beneficiaries.

12 The system shall be known as the "General Assembly
13 Retirement System". All its funds and property shall be a trust
14 separate from all other entities, maintained for the purpose of
15 securing payment of annuities and benefits under this Article.

16 Participation in the retirement system created under this
17 Article is restricted to persons who become participants before
18 the effective date of this amendatory Act of the 95th General
19 Assembly. Beginning on that date, the System shall not accept
20 any new participants.

21 (Source: P.A. 83-1440.)

22 (40 ILCS 5/2-105) (from Ch. 108 1/2, par. 2-105)

1 Sec. 2-105. Member. "Member": Members of the General
2 Assembly of this State, including persons who enter military
3 service while a member of the General Assembly, and any person
4 serving as Governor, Lieutenant Governor, Secretary of State,
5 Treasurer, Comptroller, or Attorney General for the period of
6 service in such office.

7 Any person who has served for 10 or more years as Clerk or
8 Assistant Clerk of the House of Representatives, Secretary or
9 Assistant Secretary of the Senate, or any combination thereof,
10 may elect to become a member of this system while thenceforth
11 engaged in such service by filing a written election with the
12 board. Any person so electing shall be deemed an active member
13 of the General Assembly for the purpose of validating and
14 transferring any service credits earned under any of the funds
15 and systems established under Articles 3 through 18 of this
16 Code.

17 However, notwithstanding any other provision of this
18 Article, a person shall not be deemed a member for the purposes
19 of this Article unless he or she became a participant of the
20 System before the effective date of this amendatory Act of the
21 95th General Assembly.

22 (Source: P.A. 85-1008.)

23 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

24 Sec. 2-119.1. Automatic increase in retirement annuity.

25 (a) A participant who retires after June 30, 1967, and who

1 has not received an initial increase under this Section before
2 the effective date of this amendatory Act of 1991, shall, in
3 January or July next following the first anniversary of
4 retirement, whichever occurs first, and in the same month of
5 each year thereafter, but in no event prior to age 60, have the
6 amount of the originally granted retirement annuity increased
7 as follows: for each year through 1971, 1 1/2%; for each year
8 from 1972 through 1979, 2%; and for 1980 and each year
9 thereafter, 3%. Annuitants who have received an initial
10 increase under this subsection prior to the effective date of
11 this amendatory Act of 1991 shall continue to receive their
12 annual increases in the same month as the initial increase.

13 (b) Beginning January 1, 1990, for eligible participants
14 who remain in service after attaining 20 years of creditable
15 service and have not elected to stop contributing under Section
16 2-126(e), the 3% increases provided under subsection (a) shall
17 begin to accrue on the January 1 next following the date upon
18 which the participant (1) attains age 55, or (2) attains 20
19 years of creditable service, whichever occurs later, and shall
20 continue to accrue while the participant remains in service;
21 such increases shall become payable on January 1 or July 1,
22 whichever occurs first, next following the first anniversary of
23 retirement. For any person who has service credit in the System
24 for the entire period from January 15, 1969 through December
25 31, 1992, regardless of the date of termination of service, the
26 reference to age 55 in clause (1) of this subsection (b) shall

1 be deemed to mean age 50.

2 This subsection (b) does not apply to any person who first
3 becomes a member of the System after the effective date of this
4 amendatory Act of the 93rd General Assembly.

5 (c) The foregoing provisions relating to automatic
6 increases are not applicable to a participant who retires
7 before having made contributions (at the rate prescribed in
8 Section 2-126) for automatic increases for less than the
9 equivalent of one full year. However, in order to be eligible
10 for the automatic increases, such a participant may make
11 arrangements to pay to the system the amount required to bring
12 the total contributions for the automatic increase to the
13 equivalent of one year's contributions based upon his or her
14 last salary.

15 (d) A participant who terminated service prior to July 1,
16 1967, with at least 14 years of service is entitled to an
17 increase in retirement annuity beginning January, 1976, and to
18 additional increases in January of each year thereafter.

19 The initial increase shall be 1 1/2% of the originally
20 granted retirement annuity multiplied by the number of full
21 years that the annuitant was in receipt of such annuity prior
22 to January 1, 1972, plus 2% of the originally granted
23 retirement annuity for each year after that date. The
24 subsequent annual increases shall be at the rate of 2% of the
25 originally granted retirement annuity for each year through
26 1979 and at the rate of 3% for 1980 and thereafter.

1 (e) Beginning January 1, 1990, all automatic annual
2 increases payable under this Section shall be calculated as a
3 percentage of the total annuity payable at the time of the
4 increase, including previous increases granted under this
5 Article.

6 (Source: P.A. 93-494, eff. 8-8-03.)

7 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

8 Sec. 2-126. Contributions by participants.

9 (a) Each participant shall contribute toward the cost of
10 his or her retirement annuity a percentage of each payment of
11 salary received by him or her for service as a member as
12 follows: for service between October 31, 1947 and January 1,
13 1959, 5%; for service between January 1, 1959 and June 30,
14 1969, 6%; for service between July 1, 1969 and January 10,
15 1973, 6 1/2%; for service after January 10, 1973, 7%; for
16 service after December 31, 1981, 8 1/2%.

17 (b) Beginning August 2, 1949, each male participant, and
18 from July 1, 1971, each female participant shall contribute
19 towards the cost of the survivor's annuity 2% of salary.

20 A participant who has no eligible survivor's annuity
21 beneficiary may elect to cease making contributions for
22 survivor's annuity under this subsection. A survivor's annuity
23 shall not be payable upon the death of a person who has made
24 this election, unless prior to that death the election has been
25 revoked and the amount of the contributions that would have

1 been paid under this subsection in the absence of the election
2 is paid to the System, together with interest at the rate of 4%
3 per year from the date the contributions would have been made
4 to the date of payment.

5 (c) Beginning July 1, 1967, each participant shall
6 contribute 1% of salary towards the cost of automatic increase
7 in annuity provided in Section 2-119.1. These contributions
8 shall be made concurrently with contributions for retirement
9 annuity purposes.

10 (d) In addition, each participant serving as an officer of
11 the General Assembly shall contribute, for the same purposes
12 and at the same rates as are required of a regular participant,
13 on each additional payment received as an officer. If the
14 participant serves as an officer for at least 2 but less than 4
15 years, he or she shall contribute an amount equal to the amount
16 that would have been contributed had the participant served as
17 an officer for 4 years. Persons who serve as officers in the
18 87th General Assembly but cannot receive the additional payment
19 to officers because of the ban on increases in salary during
20 their terms may nonetheless make contributions based on those
21 additional payments for the purpose of having the additional
22 payments included in their highest salary for annuity purposes;
23 however, persons electing to make these additional
24 contributions must also pay an amount representing the
25 corresponding employer contributions, as calculated by the
26 System.

1 (e) A person may irrevocably elect, within 60 days after
2 attaining 20 years of creditable service or within 60 days
3 following the effective date of this amendatory Act of the 95th
4 General Assembly, whichever is later, to stop making employee
5 contributions under this Section. The election does not affect
6 the person's status as a participant, but a person so electing
7 thereby forfeits the accelerated 3% increases to which he or
8 she would otherwise be entitled under subsection (b) of Section
9 2-119.1.

10 (Source: P.A. 90-766, eff. 8-14-98.)

11 (40 ILCS 5/14-103.05) (from Ch. 108 1/2, par. 14-103.05)
12 Sec. 14-103.05. Employee.

13 (a) Any person employed by a Department who receives salary
14 for personal services rendered to the Department on a warrant
15 issued pursuant to a payroll voucher certified by a Department
16 and drawn by the State Comptroller upon the State Treasurer,
17 including an elected official described in subparagraph (d) of
18 Section 14-104, shall become an employee for purpose of
19 membership in the Retirement System on the first day of such
20 employment.

21 A person who becomes a judge, constitutional officer, or
22 member of the General Assembly on or after the effective date
23 of this amendatory Act of the 95th General Assembly and is not
24 eligible to participate in the Judges Retirement System of
25 Illinois or the General Assembly Retirement System shall be

1 deemed an employee for purposes of membership in this System
2 beginning on the first day of such service.

3 A person entering service on or after January 1, 1972 and
4 prior to January 1, 1984 shall become a member as a condition
5 of employment and shall begin making contributions as of the
6 first day of employment.

7 A person entering service on or after January 1, 1984
8 shall, upon completion of 6 months of continuous service which
9 is not interrupted by a break of more than 2 months, become a
10 member as a condition of employment. Contributions shall begin
11 the first of the month after completion of the qualifying
12 period.

13 A person employed by the Chicago Metropolitan Agency for
14 Planning on the effective date of this amendatory Act of the
15 95th General Assembly who was a member of this System as an
16 employee of the Chicago Area Transportation Study and makes an
17 election under Section 14-104.13 to participate in this System
18 for his or her employment with the Chicago Metropolitan Agency
19 for Planning.

20 The qualifying period of 6 months of service is not
21 applicable to: (1) a person who has been granted credit for
22 service in a position covered by the State Universities
23 Retirement System, the Teachers' Retirement System of the State
24 of Illinois, the General Assembly Retirement System, or the
25 Judges Retirement System of Illinois unless that service has
26 been forfeited under the laws of those systems; (2) a person

1 entering service on or after July 1, 1991 in a noncovered
2 position; or (3) a person to whom Section 14-108.2a or
3 14-108.2b applies; or (4) a person who is serving as a judge,
4 constitutional officer, or member of the General Assembly.

5 (b) The term "employee" does not include the following:

6 (1) persons participating in ~~members of the State~~
7 ~~Legislature, and persons electing to become members of the~~
8 General Assembly Retirement System ~~pursuant to Section~~
9 ~~2-105;~~

10 (2) incumbents of offices normally filled by vote of
11 the people, other than judges, constitutional officers,
12 and members of the General Assembly;

13 (3) except as otherwise provided in this Section, any
14 person appointed by the Governor with the advice and
15 consent of the Senate unless that person elects to
16 participate in this system;

17 (3.1) any person serving as a commissioner of an ethics
18 commission created under the State Officials and Employees
19 Ethics Act unless that person elects to participate in this
20 system with respect to that service as a commissioner;

21 (3.2) any person serving as a part-time employee in any
22 of the following positions: Legislative Inspector General,
23 Special Legislative Inspector General, employee of the
24 Office of the Legislative Inspector General, Executive
25 Director of the Legislative Ethics Commission, or staff of
26 the Legislative Ethics Commission, regardless of whether

1 he or she is in active service on or after July 8, 2004
2 (the effective date of Public Act 93-685), unless that
3 person elects to participate in this System with respect to
4 that service; in this item (3.2), a "part-time employee" is
5 a person who is not required to work at least 35 hours per
6 week;

7 (3.3) any person who has made an election under Section
8 1-123 and who is serving either as legal counsel in the
9 Office of the Governor or as Chief Deputy Attorney General;

10 (4) except as provided in Section 14-108.2 or
11 14-108.2c, any person who is covered or eligible to be
12 covered by the Teachers' Retirement System of the State of
13 Illinois, the State Universities Retirement System, or the
14 Judges Retirement System of Illinois;

15 (5) an employee of a municipality or any other
16 political subdivision of the State;

17 (6) any person who becomes an employee after June 30,
18 1979 as a public service employment program participant
19 under the Federal Comprehensive Employment and Training
20 Act and whose wages or fringe benefits are paid in whole or
21 in part by funds provided under such Act;

22 (7) enrollees of the Illinois Young Adult Conservation
23 Corps program, administered by the Department of Natural
24 Resources, authorized grantee pursuant to Title VIII of the
25 "Comprehensive Employment and Training Act of 1973", 29 USC
26 993, as now or hereafter amended;

1 (8) enrollees and temporary staff of programs
2 administered by the Department of Natural Resources under
3 the Youth Conservation Corps Act of 1970;

4 (9) any person who is a member of any professional
5 licensing or disciplinary board created under an Act
6 administered by the Department of Professional Regulation
7 or a successor agency or created or re-created after the
8 effective date of this amendatory Act of 1997, and who
9 receives per diem compensation rather than a salary,
10 notwithstanding that such per diem compensation is paid by
11 warrant issued pursuant to a payroll voucher; such persons
12 have never been included in the membership of this System,
13 and this amendatory Act of 1987 (P.A. 84-1472) is not
14 intended to effect any change in the status of such
15 persons;

16 (10) any person who is a member of the Illinois Health
17 Care Cost Containment Council, and receives per diem
18 compensation rather than a salary, notwithstanding that
19 such per diem compensation is paid by warrant issued
20 pursuant to a payroll voucher; such persons have never been
21 included in the membership of this System, and this
22 amendatory Act of 1987 is not intended to effect any change
23 in the status of such persons;

24 (11) any person who is a member of the Oil and Gas
25 Board created by Section 1.2 of the Illinois Oil and Gas
26 Act, and receives per diem compensation rather than a

1 salary, notwithstanding that such per diem compensation is
2 paid by warrant issued pursuant to a payroll voucher; or

3 (12) a person employed by the State Board of Higher
4 Education in a position with the Illinois Century Network
5 as of June 30, 2004, who remains continuously employed
6 after that date by the Department of Central Management
7 Services in a position with the Illinois Century Network
8 and participates in the Article 15 system with respect to
9 that employment.

10 (c) An individual who represents or is employed as an
11 officer or employee of a statewide labor organization that
12 represents members of this System may participate in the System
13 and shall be deemed an employee, provided that (1) the
14 individual has previously earned creditable service under this
15 Article, (2) the individual files with the System an
16 irrevocable election to become a participant within 6 months
17 after the effective date of this amendatory Act of the 94th
18 General Assembly, and (3) the individual does not receive
19 credit for that employment under any other provisions of this
20 Code. An employee under this subsection (c) is responsible for
21 paying to the System both (i) employee contributions based on
22 the actual compensation received for service with the labor
23 organization and (ii) employer contributions based on the
24 percentage of payroll certified by the board; all or any part
25 of these contributions may be paid on the employee's behalf or
26 picked up for tax purposes (if authorized under federal law) by

1 the labor organization.

2 A person who is an employee as defined in this subsection
3 (c) may establish service credit for similar employment prior
4 to becoming an employee under this subsection by paying to the
5 System for that employment the contributions specified in this
6 subsection, plus interest at the effective rate from the date
7 of service to the date of payment. However, credit shall not be
8 granted under this subsection (c) for any such prior employment
9 for which the applicant received credit under any other
10 provision of this Code or during which the applicant was on a
11 leave of absence.

12 (Source: P.A. 94-1111, eff. 2-27-07; 95-677, eff. 10-11-07.)

13 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

14 Sec. 14-133. Contributions by or on behalf of members.

15 (a) Each participating employee shall make contributions
16 to the System, based on the employee's compensation, as
17 follows:

18 (1) Covered employees, except as indicated below, 3.5%
19 for retirement annuity, and 0.5% for a widow or survivors
20 annuity;

21 (2) Noncovered employees, except as indicated below,
22 7% for retirement annuity and 1% for a widow or survivors
23 annuity;

24 (3) Noncovered employees serving in a position in which
25 "eligible creditable service" as defined in Section 14-110

1 may be earned, 1% for a widow or survivors annuity plus the
2 following amount for retirement annuity: 8.5% through
3 December 31, 2001; 9.5% in 2002; 10.5% in 2003; and 11.5%
4 in 2004 and thereafter;

5 (4) Covered employees serving in a position in which
6 "eligible creditable service" as defined in Section 14-110
7 may be earned, 0.5% for a widow or survivors annuity plus
8 the following amount for retirement annuity: 5% through
9 December 31, 2001; 6% in 2002; 7% in 2003; and 8% in 2004
10 and thereafter;

11 (5) Each security employee of the Department of
12 Corrections or of the Department of Human Services who is a
13 covered employee, 0.5% for a widow or survivors annuity
14 plus the following amount for retirement annuity: 5%
15 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%
16 in 2004 and thereafter;

17 (6) Each security employee of the Department of
18 Corrections or of the Department of Human Services who is
19 not a covered employee, 1% for a widow or survivors annuity
20 plus the following amount for retirement annuity: 8.5%
21 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and
22 11.5% in 2004 and thereafter.

23 (b) Contributions shall be in the form of a deduction from
24 compensation and shall be made notwithstanding that the
25 compensation paid in cash to the employee shall be reduced
26 thereby below the minimum prescribed by law or regulation. Each

1 member is deemed to consent and agree to the deductions from
2 compensation provided for in this Article, and shall receipt in
3 full for salary or compensation.

4 (c) All or a portion of the employee contributions required
5 under this Section may be paid by the State on behalf of the
6 employee through a separate line item appropriation to the
7 department for that purpose; this does not, however, apply to
8 judges, constitutional officers, or members of the General
9 Assembly.

10 (Source: P.A. 92-14, eff. 6-28-01.)

11 (40 ILCS 5/18-101) (from Ch. 108 1/2, par. 18-101)

12 Sec. 18-101. Creation of fund.

13 A retirement system is created to be known as the "Judges
14 Retirement System of Illinois". It shall be a trust separate
15 and distinct from all other entities, maintained for the
16 purpose of securing the payment of annuities and benefits as
17 prescribed herein.

18 Participation in the retirement system created under this
19 Article is restricted to persons who become participants before
20 the effective date of this amendatory Act of the 95th General
21 Assembly. Beginning on that date, the System shall not accept
22 any new participants.

23 (Source: Laws 1963, p. 161.)

24 (40 ILCS 5/18-102) (from Ch. 108 1/2, par. 18-102)

1 Sec. 18-102. Purpose.

2 The purpose of the system is to establish an efficient
3 method of permitting retirement, without hardship or
4 prejudice, of certain judges who are aged or otherwise
5 incapacitated, by enabling them to accumulate reserves for
6 themselves and their dependents for old age, disability, death,
7 and termination of employment.

8 (Source: Laws 1963, p. 161.)

9 (40 ILCS 5/18-120) (from Ch. 108 1/2, par. 18-120)

10 Sec. 18-120. Employee participation. An eligible judge who
11 is not a participant shall become a participant beginning on
12 the date he or she becomes an eligible judge, unless the judge
13 files with the board a written notice of election not to
14 participate within 30 days of the date of being notified of the
15 option.

16 A person electing not to participate shall thereafter be
17 ineligible to become a participant unless the election is
18 revoked as provided in Section 18-121.

19 However, notwithstanding any other provision of this
20 Article, a person shall not be deemed an eligible or
21 participating judge for the purposes of this Article unless he
22 or she became a participant of the System before the effective
23 date of this amendatory Act of the 95th General Assembly.

24 (Source: P.A. 83-1440.)

25 Section 99. Effective date. This Act takes effect upon

1 becoming law.